

# Time to Stop Playing Games with Industrial Policy? What Government and Business Might Learn from Team GB

Sue Konzelmann and Marc Fovargue-Davies<sup>1</sup>

## Abstract

UK elite sport has been on a sustained upward trajectory, as a result of fundamental changes in approach following its dismal showing at the Atlanta Summer Games in 1996. These included recasting the relationship between elite sport and the state, alterations in institutional and legal structures – and much improved funding. The changes in the environment within which elite sport operates were accompanied by a complete change of culture: Ambition, tempered by a clear, strategic focus on how to realise it was evident from the start. The result was apparent as soon as the following Summer Games in Sydney – and at the 2016 Rio Summer Games, Team GB beat its record at London 2012, moving from a world ranking of 3<sup>rd</sup> to 2<sup>nd</sup>. With a medal haul of 67, the UK became the first nation in history to improve its medal winning performance following a home games, winning more medals across more sports by more athletes – although the ambition for Tokyo 2020 is to improve even further.

This paper does not try to argue that the strategy used to transform the performance of elite sport should be directly transferred to industry. Indeed, although the UK elite sport strategy was itself informed by those developed by other nations, it was not a carbon copy. And as it has continued to evolve, there has been a conscious effort to make it fit with British culture. Rather, we argue that drawing on the ideas and approaches developed by the elite sport policy model, a strategy with some similarities, but based on the specific needs of contemporary and future industrial ecosystems, could pay significant dividends.

**Key words:** elite sport development, industrial strategy, competitiveness

*“Government should not involve itself in professional sport just for the sake of it, but where we have a clear remit and can make a positive difference.”<sup>2</sup>*

## 1 Introduction

Following the 2008 financial crisis, with confidence in the financial sector severely shaken, policymakers have been seeking new sources of growth and employment; and

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<sup>2</sup> Coe 2015: 35.

“there has been a ‘renaissance’ of interest in industrial policy” (Warwick 2013: 47). In September 2012, after Team GB’s record-breaking performance – and with the London Olympic Games still alive in the public imagination – Vince Cable, then Secretary for Business, Innovation and Skills, set out his vision for a long-term UK industrial strategy, making direct reference to that which had contributed so much to Britain’s Olympic success:

“The Olympics provided a unique opportunity to celebrate the things the UK does well. .... Our athletes achieved what they did because of their years of commitment and planning. I was initially a sceptic; I could see the costs but not the benefits. But the games proved to be a success. Years of planning and investment in pursuit of a clear and ambitious vision were realised. ... I think there is a read-across to the way we approach our economic future.”

He went on:

“We need to take the same approach: a clear, ambitious vision; the courage to take decisions that bear fruit over a long period; openness to new opportunities as they develop; focus on the things we do best; and an enduring commitment far beyond a five year parliament or spending review period.”<sup>3</sup>

Thus, whilst much of the discussion about “Olympic Legacy” following London 2012 focused on sport-related issues, policymakers and politicians across the political spectrum were also looking for parallels between the approach that proved successful in strengthening the international competitiveness of UK elite sport and the evolution of an *industrial* strategy to address the challenges facing the UK economy.

However, by the time the Rio Games arrived in 2016, very little, if anything, had been accomplished. The idea of boosting economic growth in the North of England had been proposed by the 2010-15 Conservative/Lib-Dem Coalition Government and branded “the Northern Power House” by the 2015-2020 Conservative Government. However, with neither a clear vision nor the strategy and resources required to achieve it, when Theresa May’s Government came to power in July 2016, the idea was down-played and re-cast as part of a nationwide agenda for improving productivity in cities and regions outside of the Southeast of the country. This sequence of events is much more reminiscent of the state’s approach to elite sport before Atlanta 1996, than the measured and well-resourced ambition that followed it; and the successful elite sport policy model has, it seems, been forgotten – despite Team GB’s continuing record-breaking performance.

This paper explores the extent to which the UK elite sport strategy might inform the development of a system for building competitiveness in British industry. Section 2

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<sup>3</sup> Cable 2012.

examines the case of UK elite sport, focusing on its strategy for developing international competitiveness and Team GB's resulting competitive improvement since Atlanta 1996. Section 3 identifies aspects of this approach that might have application in British industry; and Section 4 concludes.

## **2 Building International Competitiveness in Elite Sport – A Real UK Success Story?**

Prior to the strategic changes following the 1996 Atlanta Summer Games – when Team GB placed 36<sup>th</sup> in the world rankings with only one gold medal – the British Olympic Team was in a not dissimilar position to that faced by many UK small- and medium-sized businesses today. There was no clear vision, no political support and a shortage of appropriate funding. Whilst the institutional structures underpinning sport – the National Sport Governing Bodies (NGBs) – were functional to a degree, they, too, were under-resourced and operating independently of each other, with little or no strategic leadership.

The disjointed nature of sport policy was recognized by the Sports Council in 1993, with the admission that “the UK’s sporting achievements have too often been secured in spite of the disparate goals having been set by our sporting community”.<sup>4</sup> In any given year, only a small number of athletes managed to fight their way to Olympic or Paralympic success; and they competed largely as individuals, with little or no access to the resources of a team to develop their competitive capabilities, learn from each other’s experience and build upon it for future events.

Peter Keen, a former cycling world champion and coach – and Performance Director of UK Sport from 2004 to 2012 – summed the problem up:

“My career in sport ... was that of a classic Alpinist. We were trying to climb this thing, but we weren’t leaving any maps or ropes for anyone else. If anything, quite the reverse. That switch from one-off success to an approach that is a quite different set of values is probably the single biggest difference ... The challenge was to convert those highly motivated, highly talented individuals into a system.”<sup>5</sup>

However, British elite sport suffered not only from the absence of a coherent development system; it was also vulnerable to poorly informed intervention by successive governments and lacked a stable source of funding. Many of Team GB's rivals had none of these disadvantages.

The concept of elite sport *strategy* is certainly not new; the various nations of the former Soviet bloc laid the foundations by developing talent identification, coaching,

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<sup>4</sup> Quoted in Houlihan and Lindsey 2013: 39.

<sup>5</sup> Quoted in Slater 2012.

and medical support systems. They also provided promising elite athletes the best possible resources. The results were obvious as – prior to the bloc’s breakup in 1991 – the USSR consistently accounted for a majority of Olympic medals won in any given Games.

The effectiveness of this strategy had a profound influence on the approaches subsequently developed by others. Australia was among the first, following its own Olympic nadir at the 1976 Montreal Summer Games, when its 180 athletes, competing in 115 events and 20 sports placed 32<sup>nd</sup>, with only 5 medals – none gold. In response, the then Prime Minister Malcolm Fraser set up the Australian Institute of Sport; and the new elite sport system took much of its inspiration from East Germany (at the time, still part of the USSR). But it was no mere copy. Building on local conditions and existing institutional structures, the Australian interpretation took account of its large geographical spaces between population centres and the resulting challenges of accessing resources. Sports academies were created as centres of excellence for a restricted number of disciplines (not all of them Olympic), offering unwavering focus with state of the art resources and facilities. The result was a characteristically Australian system – and a rapid improvement in the performance of Australian elite sport. Four years later in Moscow, Australia rose to a world ranking of 15<sup>th</sup>, with 9 medals, 2 of them gold.

It is against this backdrop of increasing international competition that British elite sport performance in the run-up to Atlanta 1996 must be viewed. Whilst the breakup of the USSR might have been expected to make life easier for those from outside the former bloc, the adoption of similar strategies by other countries had simply shifted the locus of competition. An effective elite sports system was rapidly becoming an essential requirement for competitive success; and having no strategy at all was a recipe for failure.

## ***2.1 From Indifference to Support – Politics and UK Elite Sport***

An important problem then facing UK elite sport – and an obstacle for British industry at present – was a lack of political will to get involved at all, let alone to consider how best to intervene. As with industrial policy, Conservative governments of the 1980s took the view that, as far as possible, the state should *not* intervene in private sector activities. A similar approach applied to sport, where the Sports Councils (for England, Scotland, Wales, and Northern Ireland) maintained a generalist role in sport promotion, under the “Sport for All” credo.

However, when Margaret Thatcher was succeeded by John Major, a decade of political indifference to sport came to an end. Unlike his predecessor, Major was a lifelong cricket supporter and also understood the political relevance of sport. In 1995, he argued: “we invented the majority of the world’s sports ... 19<sup>th</sup> century Britain was the cradle of a leisure revolution as significant as the agricultural and industrial revolutions

we launched in the century before.”<sup>6</sup> Major’s strong personal backing would be instrumental in the strategic changes upon which the Olympic Team’s competitive revival was based.<sup>7</sup> Political support manifested itself in a number of ways; as well as structural change, the legal framework also required adjustment – and that was something only the state could achieve. A step change in culture, attitude and ambition was also necessary.

A significant obstacle to elite sport competitiveness – again, currently also the case for much of UK industry – was lack of access to predictable and competitive levels of funding. Whilst it was clear that political indifference had resulted in the chronic underfunding of elite sport, both in absolute terms and by comparison to other countries, it was less obvious how this could be addressed – especially as the UK was in recession. Worse still, Sterling’s humiliating exit from the European Exchange Rate Mechanism in 1992 had already damaged the government’s reputation for financial prudence.

An alternative to exchequer funding lay in the possibility of a National Lottery, an idea that many European countries had already successfully adopted; and in 1993, the UK’s National Lottery was set up, with around 30 percent of the proceeds earmarked for good causes – including sport. The first draw was made in November 1994, some eighteen months prior to the 1996 Atlanta games. It is worth noting that in the same way that the Australian elite sport system was not a carbon copy of the East German version, the UK lottery was not a straight-forward copy of the European model, either; whilst most European lotteries are state-operated, the UK version is privately-operated, on a state-franchised basis.

Lottery funding, however, was not in itself sufficient to change the game. The absence of leadership, an effective structure for implementing it, and processes for identifying and developing competitive capabilities all needed to be addressed. Since the basic problems afflicting elite sport performance were hardly a secret, it was possible for an interested government to work with existing sporting institutions to make the most pressing changes, quite quickly. This involvement – by government and sporting institutions – would not only make it easier for the system to operate, but also to develop further in the future.

The provision of funding was thus the first of only four – albeit highly significant – changes in the government’s relationship with elite sport. The second was the primary institutional change affecting elite sport, which was also initiated by the Major government: In July 1994, then Sports Minister, Iain Sproat, outlined proposals (1) to replace the Sports Council of Great Britain with the England Home Country Sports Council (Sport England) and a new arms-length body, the United Kingdom Sports Council (UK Sport) that would focus on elite sport only, with much closer links to the British Olympic Association; and (2) to shift the focus of the Home Country Sports

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<sup>6</sup> Whannel 2005: 72.

<sup>7</sup> Houlihan and Lindsey 2013: 40.

Councils to mass participation sports. At the Commons Sitting, Sproat explained the vision for UK Sport and its relationship with the Home Countries Sports Councils:

“On the international scene, it [UK Sport] will represent the UK; it will seek to increase greatly the influence of the UK in international sport; and it will co-ordinate policy for bringing major international events to the UK. In national affairs, it will not have a supervisory remit, but it will oversee those areas where there is a need for UK-wide policy – for example, on doping control, sports science, sports medicine and coaching. Home country councils will, however, be responsible for the delivery of those policies.”<sup>8</sup>

On 19 September 1996, UK Sport was established by Royal Charter. It became fully operational on 1 January 1997 and was later granted a license to distribute Lottery funding to elite sport.

Crucially, political support for elite sport turned out to be longer-term and consistent; and – with another key message for industrial strategy development – it survived the first of several changes of government. Tony Blair’s New Labour came to power in 1997 and brought a fundamental change in the uses to which lottery funding could legally be put. Instead of limiting it to funding facilities only, lottery funding could now be allocated to teams, individual athletes and support staff. This meant that athletes no longer had to juggle employment with training and competition – and coaches and other specialists could also be funded.

This introduced an important change in the way the system worked: Instead of the government dictating what teams could spend money on, they were now free to spend it on what was *actually* needed and *when* – fundamental to the development of longer-term strategy. Discipline was provided by the hard-nosed rule that funding was contingent upon competitive success – or the demonstrable likelihood of it within set timescales – as well as implementation of strict, newly developed governance procedures by recipients of funding to account for their use of public investment. The availability of funding, however, did not automatically produce results. According to Peter Keen, in some athletes, it bred complacency: “It was not about suddenly getting paid for what you were doing already. Actually, it was all about trying to win. We had to professionalise the sports as well. Writing the rules was perhaps the most important thing.”<sup>9</sup> Government involvement via UK Sport soon proved highly successful, both in driving change and improving results.

## ***2.1 UK Elite Sport System Structure and Governance***

The separation of elite from mass participation sport resulted in much more than just a change of name and focus. In 2001, UK Sport developed a “priority sport” approach,

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<sup>8</sup> Sproat 1994.

<sup>9</sup> Quoted in Kelso 2012.

categorizing sports on the basis of their ability to deliver medals, and investing resources to support only those elite teams and athletes identified as having the potential to win medals – particularly at World Championships and the Olympic and Paralympic Games.

UK Sport’s world class performance pathway programme covers all funded Summer and Winter Olympic and Paralympic sports and operates at the top two of three distinct levels: the “Podium Potential” and “Podium” levels.<sup>10</sup> At the bottom “Performance Foundations” level, overseen by the Home Countries Sports Councils and the NGBs, athletes with the potential to progress through the World Class pathway with the help of targeted investment are identified, confirmed and supported. If their performances suggest that they have realistic medal-winning capabilities for the second up-coming Olympic or Paralympic Games – a maximum of 8 years away from the podium – they progress to the Podium Potential level, with Podium level athletes being those with a realistic chance of winning medals at the next Games (a maximum of 4 years away).

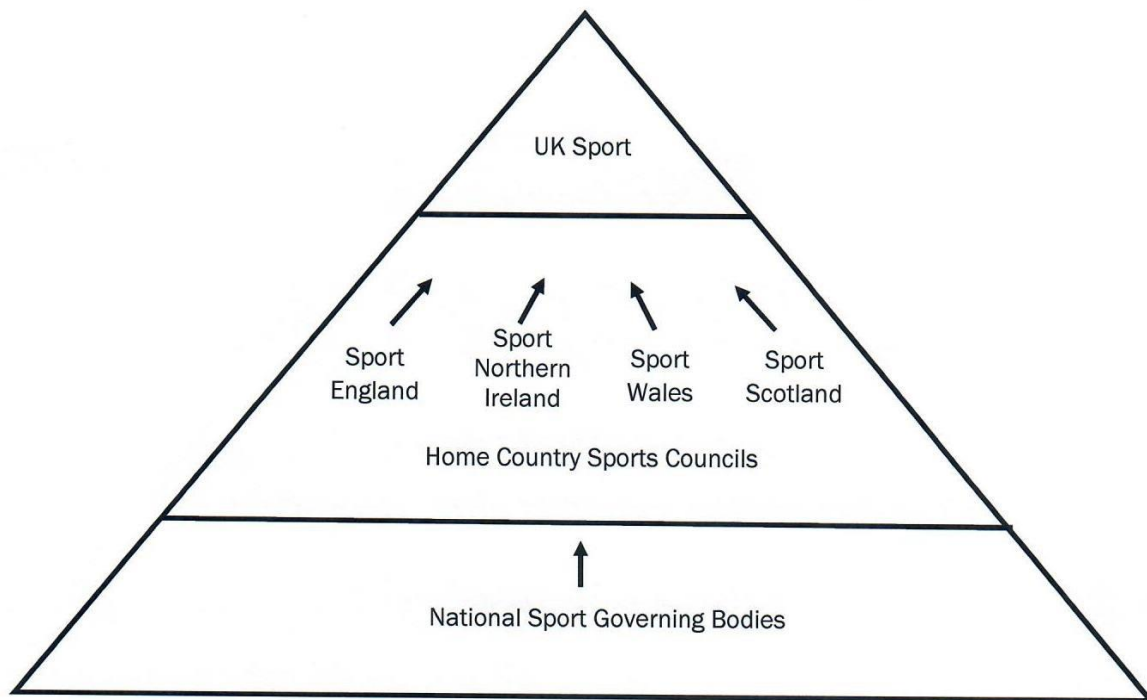
UK Sport currently supports around 1300 athletes at the Podium Potential and Podium levels, investing approximately £100 million annually, of which around a third is exchequer and two thirds National Lottery funding. The Home Countries Sports Councils invest roughly twice this amount, in supporting mass participation sports and Performance Foundation level athletes. Central funding is distributed to the NGBs, which support elite athletes with a range of services, including coaching, training and competition support; medical, technology and scientific services; and access to world class facilities. UK Sport also makes a contribution towards living and sporting costs via Athlete Performance Awards, which are solely funded by National Lottery income.

Figure 1 illustrates the relationship between UK Sport, the Home Countries Sports Councils and the NGBs which oversee both individual clubs and the elite teams within their sporting disciplines. As discussed above, the Home Countries Sports Councils, which operate at the grass roots level and invest in mass participation sport, also have responsibility for investing in athletes that are identified, at an early stage of their development, as having the potential to progress to world class elite status. The NGBs are responsible for the pathway and the competition structure that underpins it, for developing the sporting disciplines and elite athletes. They receive funding from both UK Sport and the Home Countries Sports Councils to which they are accountable for how it is invested.

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<sup>10</sup> UK Sport 2016a.

**Figure 1. UK Sport System Structure**



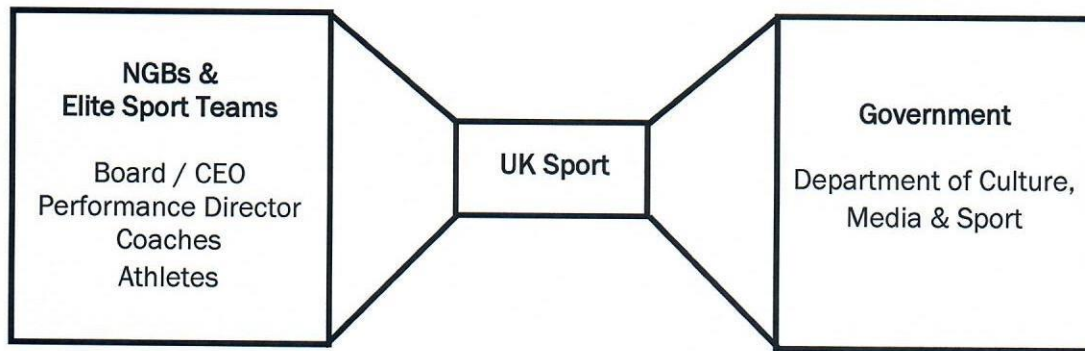
In recent years, UK Sport and the Home Countries Sports Councils have been working more closely together to make the pathway from talent identification to podium more seamless and cost effective, with UK Sport and Sport England recently moving into a shared building to reduce costs and increase cooperation. But responsibility for talent identification and development is broader than just the Home Countries Sports Councils and UK Sport; the NGBs, individual clubs, professional sports and primary, secondary and higher education sectors also play an important role.

UK Sport works with all funded organisations to ensure that they are professionally and efficiently run, with a commitment to the highest level of governance and financial management throughout the elite sport system; and in 2016, to help improve the governance of funded NGBs even further, UK Sport published a Governance Code for all funded sport, taking effect from 2017 onward.

Figure 2 illustrates the governance relationship between UK Sport, the Government and the NGBs and Elite Sport Teams. As discussed above, UK Sport is responsible for investing exchequer and National Lottery funding in elite teams, which invest in athletes; and it is accountable to government for this investment. Elite teams, in turn, are accountable to UK Sport for the effective use of its investment in them, the success of which is based on a “no compromise” medal-based approach.



**Figure 2. Elite Sport Governance Structure**



UK Sport has the following governance principles:

“We will only invest in sports which demonstrate the required standards of leadership, governance, financial management and administration.

We will scrutinise the governance and leadership of all sports in which we invest to ensure that organisations are run professionally and efficiently, with a commitment to achieving the highest standard of corporate governance and financial management which systemic excellence at all levels requires.

Sports must be able to evidence that equality, safeguarding and ethical standards are visibly integrated into their structures and operations”.<sup>11</sup>

### ***2.3 The British Olympic Team’s Competitive Turnaround***

In the most recent Summer Olympic Games in Rio, Team GB made history by not only improving its performance following a Home Games, but also winning medals across more sports than at the previous Games (Rio 19, London 17) and winning gold in more sports (15) than any other nation by more Olympic medalists (Rio 130, London 114).

Table 1 shows the funding figures for the four years leading up to the Summer Olympic Games since Atlanta 1996, the number of sports receiving funding from UK Sport, the medals won and the British Olympic team’s world ranking, illustrating the speed of the Team’s sustained competitive turnaround.

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<sup>11</sup> UK Sport 2016b.

**Table 1: British Olympic Team’s Performance in the Summer Olympic Games**

Olympic Games	Total Funding from UK Sport* (£millions)	Number of Funded Sports*	Number of Medals				World Ranking
			Gold	Silver	Bronze	Total	
<b>Atlanta 1996</b>	NA	NA	1	8	6	15	36 <sup>th</sup>
<b>Sydney 2000</b>	£58.9**	13	11	10	7	28	10 <sup>th</sup>
<b>Athens 2004</b>	£ 71.0**	16	9	9	12	30	10 <sup>th</sup>
<b>Beijing 2008</b>	£ 235.1	27	19	13	15	47	4 <sup>th</sup>
<b>London 2012</b>	£ 265.1	27	29	17	19	65	3 <sup>rd</sup>
<b>Rio 2016</b>	£ 274.5	20	27	23	17	67	2 <sup>nd</sup>

\* **Source:** UK Sport 2016c.

\*\* Figures for the Sydney and Athens Olympiads relate only to Podium level funding as during that time the Home Countries Sports Councils were responsible for supporting athletes at the Foundation and Podium Potential levels.

It is worth noting that the progression in competitiveness in many ways reflects the cumulative effect of successive – and appropriate – changes in the institutional structure underpinning elite sport development and the systems and processes within it. In other words, there are mechanisms in place to ensure that the system as a whole continually develops, as do the teams and athletes themselves. Those within the structure – and sometimes others outside – work together to resolve weaknesses and challenges experienced by particular sporting disciplines as they arise.

The successful bid for London 2012 in 2005 proved pivotal in the remarkable improvement in Team GB’s performance between Athens and Beijing, when Team GB rose from a world ranking of 10<sup>th</sup> to 4<sup>th</sup>. At the time, everyone involved knew that the successful delivery of London 2012 would be crucial, with any under-performance – by either organisers or the team – being both highly public and politically unhelpful. The bid itself had demonstrated a closer cooperation between government, the British Olympic Committee (BOC) and elite sporting institutions than before. Winning it not only reinforced a high profile medium-term commitment to elite sport; it also extended

the elite sport system's strategy and planning horizons from the next to the second Olympic Games.

Planning and strategy currently works on an eight year cycle – two Olympiads; and Teams had already submitted strategic plans for the 2020 Tokyo games, several months before the Olympic flame arrived in Rio. However, in response to the request by some emerging sports for a twelve year period to give them time to develop and improve, UK Sport is considering incorporating a third Olympiad into its strategy and funding model from 2017 onward. According to Liz Nicholl, “We always listen to what sports are saying and give careful consideration to whether that means we should be doing something differently.”<sup>12</sup>

Winning the London bid also put a premium on the *collective* performance of all of the sports within Team GB – as opposed to the performance of *individual* athletes and sporting disciplines. According to Liz Nicholl,

“When we won the Games bid, we realized that this wasn't about each sport becoming successful at an Olympic and Paralympic Games; this was about the collective performance in London ... So we developed our ‘Mission 2012’ approach to get them to think beyond competing with each other for our resources and to think about how to help each other on the collective goal of being tremendously successful in London ... Now, the power of the collective is really well understood, which is one of the reasons why we embarked on the ambitious goal for Rio – to do what no host nation has ever done before – and to win more medals at the games following a home games. It's a big ambition that keeps everybody together.”<sup>13</sup>

The successful London 2012 bid thus created a strengthening sense of the Team as a whole being in competition with the rest of the world instead of each other – and therefore needing to work together to succeed. This built upon efforts ahead of Sydney 2000, when the BOC preparation camp on Australia's Gold Coast laid the foundations for recovery from the low point in Atlanta. According to Simon Clegg, then Chief Executive of the BOC, “We invested a huge amount of money on the basis that the biggest contribution we could make was in the two weeks before the Games, particularly when on the other side of the world.”<sup>14</sup> Jonathan Edwards, who won silver in Atlanta and gold in Sydney, explained the difference: “We just felt like more of a team in Sydney. Before we were groups of athletes, spending time with training partners, but it did feel more of a Team GB.”<sup>15</sup> This legacy of working together has grown steadily ever since.

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<sup>12</sup> Quoted in Roan 2014.

<sup>13</sup> Konzelmann and Fovargue-Davies 2015a.

<sup>14</sup> Quoted in Kelso 2012.

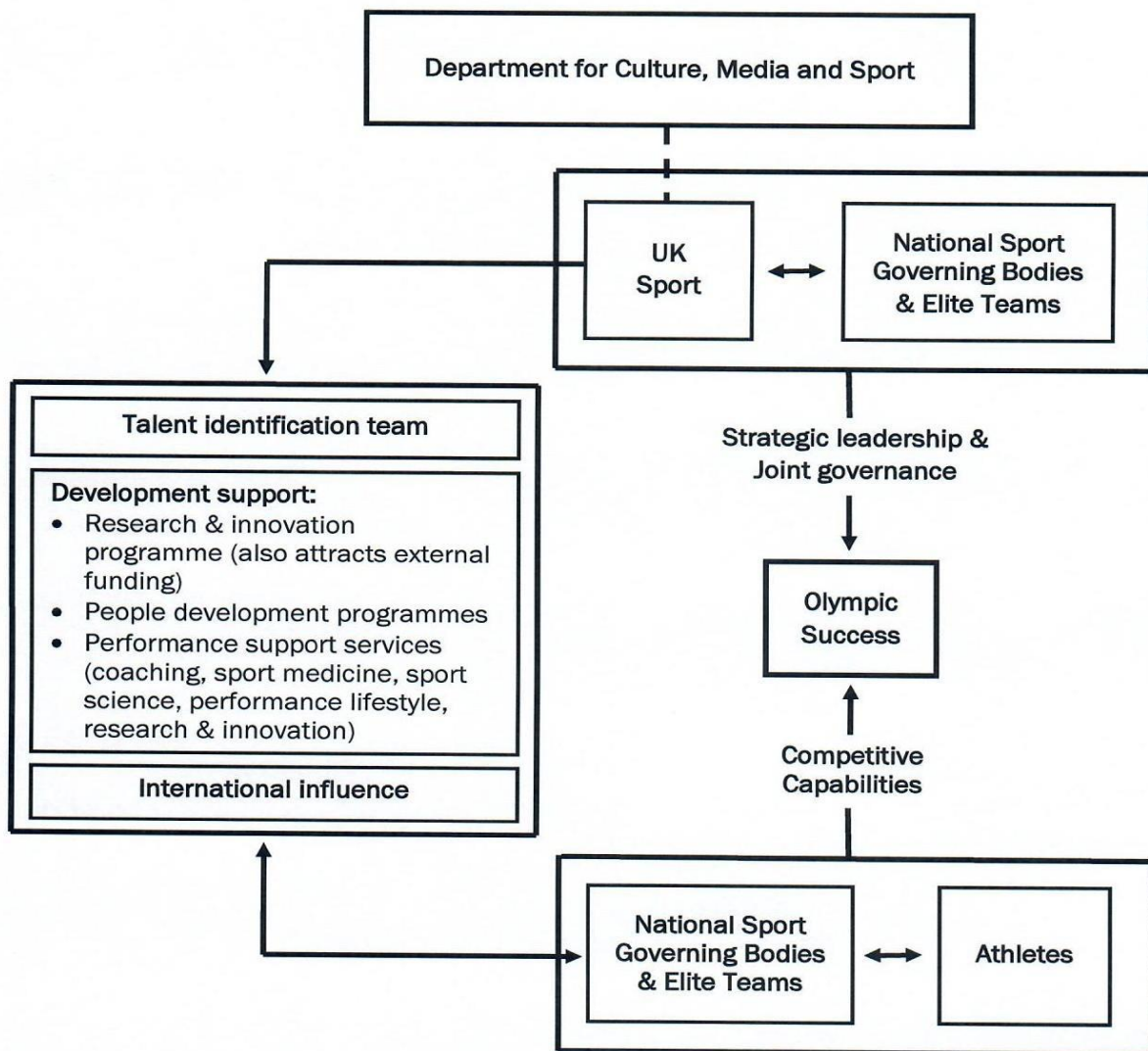
<sup>15</sup> Quoted in Kelso 2012.

The inevitable conclusion is that whilst both increased funding and intelligent, arms-length state involvement have certainly helped, they are far from being the whole story. Equally important are the overall leadership and vision, the institutions making up the system, the way they work together, and their relationship with the state – which determines how the resources are invested and accounted for. All of these principles – along with a longer-term planning and investment horizon – have clear implications for the development of an industrial strategy.

### 2.4 UK Elite Sport Institutions – and Their Relationship with the State

Figure 3 illustrates the structure of the UK elite sport competitiveness development system, showing the limited, but still essential role that the state plays in the integrated system.

**Figure 3. The UK Elite Sport Competitiveness Development System**



UK Sport is an executive non-departmental public body of – and accountable to – the Department for Culture, Media and Sport (DCMS).<sup>16</sup> It sits between DCMS and the rest of the system and is unusual in many respects. Although a public sector institution, UK Sport is run at “arm’s length” from government, working in *partnership* with the Home Countries Sports Councils, NGBs and elite teams to *lead* elite sport to world class success. This makes UK Sport an integral part of the system, rather than a top-down instrument of government policy. UK Sport is also staffed – and led – largely by former sporting world champions – who know what it takes to win medals at international sporting events – instead of politicians and civil servants. This underpins the quality of its relationship with the rest of the system as well as its ability to put a clear case to government for funding levels and any other needs of elite sport. UK Sport is also pragmatic and adaptive; and it has, so far, avoided capture by other parts of the institutional structure – both political and sporting.

There is strategic collaboration between UK Sport, the NGBs and elite teams that together create and maintain a system that supports the Olympic Team’s international competitiveness. UK Sport is the strategic lead body and facilitator of the processes required, but the NGBs and elite teams have input into what those processes are, and how they are operationalised. Because recognizing talent within particular disciplines and the development of that talent takes place at the level of the individual sports, the effective sharing of information between the NGBs, elite teams and UK Sport is essential. The state’s involvement is thus neither direct nor “top down” but largely horizontal and integrated, relying on open and regular communication and information sharing – both with government and among sporting and support institutions – to function effectively. According to Liz Nicholl,

“Our relationship with government is good and it’s regular. We meet monthly with the Minister for Sport to update the Minister on what we’re doing so there are no surprises in terms of any of the decisions we take, whether it’s about cutting sports or funding sports. And we have quarterly meetings with officials from the DCMS which are formal meetings to review our key performance indicators (KPIs). There are also formal meetings about funding agreements, just like those the sports have with us.”<sup>17</sup>

The bulk of the rest of system is made up of institutions whose daily business it is to develop athletes. The result is an “expert driven” system, with access to state resources, rather than the other way round. In 2001 UK Sport commenced development of its research and innovation function to begin to look at bespoke technological solutions to performance challenges, setting into motion the emergence of a coordinated sport institute structure across the UK to provide an environment which coupled world class

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<sup>16</sup> See agencies and public bodies that DCMS works with at: <https://www.gov.uk/government/organisations#department-for-culture-media-sport>. [Accessed 19 September 2015]

<sup>17</sup> Konzelmann and Fovargue-Davies 2015a.

facilities with world class sport science, technology and medical practitioners. This led to the establishment of the English Institute of Sport in 2002, a grant-funded organization that works alongside the other Home Countries Sports Institutes to deliver sport science, technology and medical support to elite athletes and teams. UK Sport provides funding to the Institutes of Sport so that they have a centre; but the majority of funding is distributed to the NSGs, who contract with the Institutes to employ scientists and medics. In this way, the sports learn from the Institutes, which in turn promotes continuous professional development within the elite sport system. According to Liz Nicholl,

“Whilst it would have been easy for us to give all of the money to the Institutes, that wouldn’t have made the sports responsible for embedding the science and medical support into the way they operate ... The sports have to learn from the Institute about the support that is available and decide what they want; and they have to contract with the Institutes and manage the contract ... So what we’ve got is an Institute that is educating the sports ... Learning is a central part of the model.”<sup>18</sup>

By distributing resources to the most successful athletes and teams, UK Sport enhances the “market” within which British elite sport operates, ensuring that it is highly competitive and that the focus is on winning. The environment within which UK elite sport operates is one where there is competition for team places as well as for funding, both within sports and between them. But competition is constructive and takes place within a transparent framework designed to maximize performance of individual athletes, sporting disciplines and the team as a whole. In this, UK Sport plays a central role. According to Liz Nicholl,

“What we do in terms of performance management and support is fundamental to any relationship where you’ve got a vested interest in something succeeding ... The balance that we have to manage is between being an investor and holding the sports to account for that investment ... In this, the cultural changes in the way people work together have been fundamental ... It’s about building partnership, building trust, working with sports that have to tell us when they haven’t got something right so that we can find help for them ... That’s the relation we want to build ... We’re an investor and we need to make sure we’re not seen to be making judgements.”<sup>19</sup>

This also makes it possible to learn from failures, and, where possible, turn them into successes. By facilitating the sharing of information *among* the NGBs, different sports can learn from each other. Although development programmes within particular disciplines vary, by facilitating information flows between UK Sport and the NGBs and between the individual sport disciplines – and continually mapping the international

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<sup>18</sup> Konzelmann and Fovargue-Davies 2015a.

<sup>19</sup> Konzelmann and Fovargue-Davies 2015a.

sporting landscape – the competitiveness development system is able to evolve to meet changing requirements, exploit opportunities, and address obstacles as they appear. According to Andy Maddock, Performance Director of British Canoeing, “UK Sport have various initiatives that they drive centrally because a lot of it is actually taking us out of the silos ... Canoeing can learn a lot from other sports; and UK Sport is the broker that brings us all together and allows us to talk and learn from other sports.”<sup>20</sup>

The focus on winning is thus realised via a system that produces a steady stream of talent, rather than a few individuals, which is what produces sustainable success – not just in the short- but also the longer-term. According to Andy Maddock,

“The consistency of funding has helped us with some longer-term planning, to develop our staff, to develop our facilities, to create a more sustainable structure. If you create the right structure then success almost becomes inevitable ... But you’ve got to get the balance right to invest in a system that actually supports a large number of athletes going through a cycle rather than investing in a few individuals.”<sup>21</sup>

To support this process, in 2008, to ensure that sports focused not only on their performance but also on the systems and processes that sit behind them, UK Sport developed its “Mission” review process. This tracks, assesses and challenges each funded sport, to ensure continuous improvement and to identify – and find solutions for – issues before they have a negative impact on performance. According to UK Sport:

“We work with each sport’s performance team to assess and reflect on areas of strength and weakness. Sports analyse elements of their athlete development and support programmes in three key areas: Athletes ... System ... and Climate ... Once a year each sport undertakes an extensive review during which progress is measured ... and action plans are developed ... This is supplemented by a six month check-in. We work with each sport to improve, share knowledge and identify areas where external expert support from another sport, the Home Nation sports institutes, or even from another “performance” industry – such as the arts or the business sector – is needed”.<sup>22</sup>

A good example of the effectiveness of this approach can be found in the response to Team GB’s disappointing performance in the pool at the London 2012 Games. Along with the inevitable reduction in funding came significant support – including input from other teams as well as performance experts from outside of sport – to identify and address areas of weakness. The result, at the next Games in Rio, was the best performance in the pool since 1908.

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<sup>20</sup> Konzelmann and Fovargue-Davies 2015b.

<sup>21</sup> Konzelmann and Fovargue-Davies 2015b.

<sup>22</sup> UK Sport 2016d.





## *2.5 Potential Challenges Ahead*

It is significant that UK Sport is an arm's length public sector body, responsible for the investment of public funds. Not only has it delivered international competitive success, it has also (so far) managed to protect itself from political decisions that might compromise delivery of its strategic objectives. At the same time it has also avoided "capture" by elite sport. In many respects, Team GB's success provides evidence that UK Sport represents a significant public sector success story.

Nonetheless, vulnerability to political decisions should not be underestimated. Even whilst the London Games were in progress, UK Sport's exchequer funding went only as far as the first part of 2015 – the period covered by the previous Comprehensive Spending Review – only halfway through the run-up to the 2016 Games in Rio. However, under heavy pressure from the British media and public, the government restored its long-term view and provided the financial certainty to allow full preparation for the following games. More promisingly, in a move that would reduce Team GB's vulnerability to political vicissitudes for the time being – the 2015 Comprehensive Spending Review increased UK Sport's funding by 29 percent to "go for gold in Rio and Tokyo".<sup>23</sup> UK Sport can thus ensure that there will be a sustainable legacy from success in Rio and that it can continue to plan for both the Pyeongchang 2018 Winter Games and the Tokyo 2020 Summer Games.

As discussed above, UK Sport's funding criteria are currently based purely on performance, measured by medals won in international sporting events, with elite teams judged on four and eight year cycles. This has been criticized by some who attribute declining participation rates following the London 2012 peak to this "no compromise" approach, suggesting that it damages grass roots sport. Particularly vocal in this respect have been sports – including basketball, synchronized swimming, water polo, weight lifting, blind football, goal ball and wheelchair fencing – which lost funding altogether due to failure to demonstrate medal-winning potential. In response to these criticisms, UK Sport is reviewing its funding model. But given its accountability to government – and its current mandate to invest in elite sport medal-winning potential – having clear, objective and measurable criteria against which success (and failure) can be assessed is crucial. According to Liz Nicholl,

"The questions that we need to ask now, of the nation, of the government, of our partners, are: 'What is it that they want UK Sport to be focused on? What is it they want UK Sport to deliver?'"<sup>24</sup>

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<sup>23</sup> Osborne 2015.

<sup>24</sup> Quoted in Roan 2014.

### 3 UK Olympic Legacy for Business?

Since the 1990s, after decades of neglect – if not ill-informed government intervention that in no small part contributed to the deindustrialization of vast segments of British manufacturing – the debate about industrial policy in the UK evolved a role for the state in promoting “competitiveness”. Mirroring similar initiatives by the Organization for Economic Co-operation and Development<sup>25</sup> and the European Union,<sup>26</sup> successive UK governments produced *Competitiveness White Papers* that set out their vision for “active” industrial policy,<sup>27</sup> aimed at correcting market failures and building competitiveness in regions and firms by encouraging technological and productive development. This took the form of state support for investments in research and development (R&D), technology, education and training, as well as selective policies aimed at high tech, advanced manufacturing and knowledge intensive businesses.<sup>28</sup>

But the focus was primarily on the competitiveness of individual (predominantly small- and medium-sized) firms, rather than the industrial clusters or sectors of which they formed a part; and the UK did not, in practice, develop or implement a coherent strategy for addressing the challenges facing British industry as a whole. This is despite calls from prominent captains of industry for leadership and support. In the 2007 Gabor Lecture, entitled *Why Manufacturing Matters*, Sir John Rose, chief executive of Rolls-Royce, expressed the view that since the mid-1960s, the UK’s increasing reliance on services, particularly financial services, created growing risks for the economy as a whole. Advocating support for “high value” manufacturing to act as a counter-balance to high value services, he called for the creation of a more diversified economy, and he urged the government to provide a clearer sense of direction for UK industry, highlighting the need to articulate both its objectives with regard to the kind of manufacturing industry it would like to see develop and a strategy for achieving them.

“We need”, Rose said, “a framework, or a business route map, to create context, drive focus and help prioritise public and private sector investment”.<sup>29</sup> However, he acknowledged the political obstacles to making progress in these areas. Although New Labour had been in government for over a decade, the non-interventionist stance inherited from the Thatcher government remained in place and “the fear of returning to anything that remotely resembles centralized industrial planning has resulted in even the discussion of such a framework being off limits”.<sup>30</sup>

In February 2008, at a meeting of the House of Commons Business, Enterprise and Regulatory Reform Committee, Rose responded to questions about the future of

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<sup>25</sup> OECD 1992.

<sup>26</sup> CEC 1994.

<sup>27</sup> DTI 1994, 1995, 1996, 1998.

<sup>28</sup> Wren 2001; Andreoni 2011.

<sup>29</sup> Rose 2007, quoted in Owen 2012: 43.

<sup>30</sup> Rose 2007, quoted in Owen 2012: 43.

manufacturing in the UK. When asked what a manufacturing strategy should look like, he replied:

“In general, the government should do more to set priorities ... It should have a better view about the technologies that the UK needs in the future ... If you ask me about a lack of technology vision and sufficient amounts of funding, then both need to be improved”.<sup>31</sup>

Shortly afterward, with the recession deepening and unemployment continuing to mount, New Labour took its first hesitant steps towards accepting a possible role for industrial policy. The then UK Business Secretary Peter Mandelson, believing that the UK had become overly reliant on the financial services sector, saw the need to rebalance the economy and sought advice from Rose and other British industrialists. The result was a 2009 white paper, entitled *New Industry, New Jobs: Building Britain's Future*,<sup>32</sup> calling for a “new activism” on the part of government to assist businesses in exploiting new, advanced technologies by means of “targeted intervention”. To strengthen the economy’s capacity for innovation, growth and job creation, a Strategic Investment Fund (SIF) was established, supporting a range of investments across the UK economy.

However, progress stalled when the new Conservative/Lib-Dem Coalition government came to office in 2010; and the SIF was discontinued. In a speech at the Cass Business School, the new Secretary for Business, Innovation and Skills, Vince Cable, told the audience that “[w]hat we *shouldn't* be doing is trying to micromanage the economy at the level of individual companies or so-called national champions: trying to supersede the judgement of markets” (emphasis added).<sup>33</sup>

But in 2011, the government set out its vision for the economy’s recovery in *The Plan for Growth*,<sup>34</sup> advocating horizontal industrial policy measures and identifying key sectors where barriers to growth would be addressed. In his 2011 Budget Statement, George Osborne, then Chancellor of the Exchequer, talked about the need for a “march of the makers”;<sup>35</sup> and in a speech at the Policy Exchange, Cable called for a “New Industrial Policy” aimed at supporting innovation and technological leadership, developing skills (centred on apprenticeships), re-building supply chains and implementing supply-side reforms as a means of building and maintaining business confidence.<sup>36</sup> In September 2012, following a spectacularly successful Olympic and Paralympic Home Games, the strategy that had proved so effective in strengthening the international competitiveness of British elite sport was explicitly identified by

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<sup>31</sup> *Financial Times* 2008.

<sup>32</sup> BERR 2009.

<sup>33</sup> Cable 2010.

<sup>34</sup> BIS and HM Treasury 2011.

<sup>35</sup> Osborne 2011.

<sup>36</sup> Cable 2011.

politicians across the political spectrum as a possible model for addressing the challenges facing the UK economy.

### ***3.1 Could British Government and Industry Learn from the Olympic Policy Model?***

So the question is “Could British government and industry learn from the Olympic Policy Model?” – and if so, “What?”

Sport, generally, has its own structure, culture, and criteria for success – as do the various disciplines within it. The same is true of business and industry. For this reason, the approach adopted by UK elite sport should be seen for what it is: a strategy designed to build, maintain and develop international competitiveness. The detailed approaches required to win medals in any particular discipline are usually the focus only of those most directly involved. Again, this would also be the case in a strategy for business and industry.

Seen from this perspective, the transformation of elite sport reveals potentially transferable insights for industry in terms of vision, leadership and state involvement; funding, allocation of – and accountability for – resources; strategy and planning horizons; structures, systems and processes for identifying opportunities, for building and developing international competitiveness as well as for providing support services to promising industrial sectors and the business within them and for managing the process of transition for sectors and firms facing decline. These are key approaches in elite sport competitiveness development but non-sport specific, so our analysis focuses on these areas, rather than the minutiae specific to winning a particular gold medal. We consider the implications of UK elite sport for industrial strategy from the perspective of a systems-based, expert driven approach, in which the government assumes a “market enhancing” role.<sup>37</sup> This allows us to identify the most significant strategic components that might inform the design of institutions and systems aimed at strengthening the international competitiveness of selected sectors of UK industry.

### ***3.2 Enabling Competitive Environment – and Finance***

Peter Keen’s reference to his early “Alpinist” experience highlights the value of an environment in which athletes and teams can focus on developing their competitive capabilities, rather than being distracted by other considerations, and he cites the development of the system as being at least as important as finance. He also highlights the importance of both the rules governing investment in sports and athletes and systems of accountability for this investment. It is thus important to recognize that – as in the case of sport – access to a stable source of industrial finance is not, in itself, sufficient: it merely allows the system to exist and to function, but neither part can work effectively without the other. In Andy Maddock’s words, the funding is an “enabler”:

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<sup>37</sup> The “market enhancing” view of government is informed by Aoki, Kim, and Okuno-Fujiwara 1997.

“The money itself doesn’t necessarily guarantee you success. It’s actually what you do with the money and how you use that investment as an enabler to be competitive on the world stage.”<sup>38</sup>

This is also true of the environment within which many British businesses operate – except, of course, that step changes in finance and support have yet to come. The UK is one of very few developed countries without a system for directly supplying finance and other resources to growing businesses. The German government, for example, underwrites bank loans to businesses to spread the risks of lending to start-ups. In a similar manner to lottery funding for UK sport, this also reduces reliance on exchequer funding. The availability of industrial finance, on competitive terms, is thus comparable to the system of elite sport funding, allowing a similarly sharp focus on what the organization is there to do, rather than how it is to be funded. Other resources, such as legal services, are also provided to German businesses, again allowing smaller firms to focus on their core business. As a result of the absence of an industrial strategy, unlike elite sport, UK businesses are still competing against those with the clear advantage of support systems. Following Atlanta 1996, many of the changes in the elite sport system were specifically aimed at addressing obstacles of this nature – and optimizing the environment within which competitiveness development was to take place.

The absence of longer term, stable bank finance for smaller UK businesses has its roots in the history of British industry. Unlike many nations that industrialized later, British firms have traditionally been reliant on the stock market. This meant that growth at some point required selling a significant stake to shareholders. Widely dispersed shareholder ownership – particularly where investors collectively own the majority of the shares – has been recognized as a constraint on the firm's ability to focus on the productive purpose of the business.<sup>39</sup> This is due to the need to prioritize the short-term interests of shareholders and avoid the risk of hostile action, and is in complete contrast to the priorities in the elite sport system.

Since investment in production precedes the realization of returns – often over the medium- or long-term – facilitating access to stable, cost effective finance for new or existing businesses (particularly during a recession) would make a credible contribution to economic recovery. However, whilst some attempts to channel more credit to smaller businesses have been made, they have so far lacked both the appropriate scale and clarity that characterizes funding for sport – so they have not changed the game. Efforts to encourage banks to lend to businesses, such as Project Merlin, launched in February 2011 to deliver £190bn to businesses, have been largely ineffective. The British Business Bank, which became operational in November 2014, offers many options including funding via the rapidly expanding Peer-to-Peer (P2P) sector, but still lacks the clarity, transparency – and above all, strategic leadership – of an institution such as UK Sport.

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<sup>38</sup> Konzelmann and Fovargue-Davies 2015b.

<sup>39</sup> Konzelmann et al. 2010.

This is in no small part the result of government not being integrated into the industrial system, failing to identify challenges correctly and being unable to react in an appropriate timescale. The problem is further exacerbated by the traditionally dominant position of the financial services sector in the UK economy. The state approach to industry thus owes far more to the politically driven “ad hoc” interventions that led to the 1996 “Team of Shame”<sup>40</sup> in Atlanta, than to the forward-looking, problem-centred approach of UK Sport today – with similar outcomes.

### ***3.3 Institutional Structure and Governance – Supporting Competitive Improvement***

As well as finance, UK industry also lacks an institutional structure providing support for building competitive capability. Although competitive success is realized in markets, these rely on supporting non-market institutions and policies to function effectively. So an institutional framework with systems for identifying, supporting and developing the sectors and technologies with greatest potential for contributing to current and future income and employment security and rising living standards as well as industrial and macro-economic prosperity would enable firms and sectors to realize their competitive potential, in the same way that the UK’s elite sporting teams and athletes do. Additional resources might include support for learning and innovation. Institutions, such as universities, research centres, and technical institutes are important supports for technological progress, knowledge generation, and in some cases, commercialization. Due to the dynamic nature of economic progress, institutions supporting the recognition of – and responses to – changes in the economic environment (i.e., exploiting opportunities, removing obstacles, avoiding lock-in to outmoded activities and facilitating innovation) are – as UK Sport has demonstrated – essential to competitive advancement.

The strategic relationship between UK Sport and the NGBs is one of partnership and joint governance of the system within which international competitiveness is developed. There is also leadership throughout the elite sport system, with a shared vision and culture, clearly articulated conditions for access to resources and systems for monitoring performance, rewarding success and sanctioning under-performance. The coordination and effort that goes into actually delivering medals takes place at the level of the NGBs and elite teams, where talent is identified and the processes supporting the competitive development of UK elite athletes and sporting teams takes place. The quality of the relationship and communication between all of these institutions, is thus of paramount importance. An industrial equivalent would be one with intelligent, arms-length state involvement working in partnership with recognized leaders from industry – perhaps using existing institutions such as chambers of commerce, trade and industry bodies at the highest level within the system, with these institutions also providing strategic leadership and support at the level of the industrial sector and region.

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<sup>40</sup> Quoted in Kelso 2012.

The few key political decisions made since the early 1990s have radically changed the environment within which elite sport operates; in the process, they demonstrate the value of this joint governance approach to strategic decision-making. Since the NGBs and elite teams are the experts on the circumstances their sports face, they are best placed to participate in high level decisions that affect them. The relative infrequency of random political interventions thus lends stability to the system. The continued effectiveness of this strategic collaboration – and its ability to deliver sustained competitive improvement – is dependent upon its core components remaining in balance. In the case of industry as well, the insulation of the system from the possibility of “capture” – by political or industrial special interest groups – is crucially important in the system’s ability to perform effectively and deliver against its objectives.

This has clear implications for small- and medium-sized businesses in competitive market places. The fewer the changes required to build an institutional framework capable of strengthening industrial competitiveness, the easier and quicker it will be to implement – although it can, and indeed must, be allowed to continue to evolve, as has the elite sport system. Thus, the degree to which industrial strategy can build upon existing institutions, including governmental agencies, chambers of commerce, trade and industry bodies, universities, and technical institutes, the more effective it is likely to be in delivering improved results quickly.

However, whilst sport has a regular schedule, with easily identified criteria for success, this is less clear in industry. For industrial strategy to deliver against its objectives, speed of input from actors in industries and firms is even more important than in sport – particularly when identifying areas in need of support and where support is no longer justified. Similarly, whilst one of the most obvious indicators of business success is export sales, other factors might also be identified such as revenue growth, innovation, potential commercialization of new technologies, and so on. It is important to develop institutions capable of communicating with cutting-edge organizations, capable of identifying emerging opportunities, technologies, competitive situations and obstacles. The design of industrial strategy is therefore reliant on information flows – between the government and industrial sectors as well as between these and institutions involved in innovation and knowledge generation and transfer. Once again, as with the elite sport system, the quality of communication and relationships is of central importance – which itself depends upon a clear and shared vision. An effective strategy is also one that fosters constructive competition within the system, which in the process strengthens the capabilities of sectors and firms alike. All of these characteristics are already evident in the UK elite sports system.

### ***3.4 Systems That Learn and Develop***

Not all of the ideas contributing to the evolution of British elite sport were learned from scratch; many were adapted from other teams or best practice. However, they were not simply transplanted. Instead, they inspired change – but in the UK cultural and institutional context. Similarly, an industrial strategy for the UK might well draw upon ideas from elsewhere, such as Germany’s “Mittelstand”, Italy’s industrial districts and

other countries' successful industrial clusters. But to be sustainable and effective, it should take local culture, institutional context, and conditions into account. In the case of elite sport, although in its early development, ideas were taken from other nations, notably Australia, as it has evolved, the model is now characteristically and quintessentially "British". According to Liz Nicholl,

"the model here is about developing the system, the competence, the capacity and the leadership of sports so that they can take full responsibility for their athletes ... Because we're a smaller nation [than Australia], we can surround the sports with world-class support; and we can deploy individuals to work with the sport as opposed to taking athletes out and putting them into a centralized location at an institute."

The process of surrounding the sports with world class support however, was not an instant transformation. Since the new approach would involve both public funding, and the setting and monitoring of targets, the governance and communications systems of the NGBs would require a fundamental overhaul. Some NGBs, such as the Royal Yachting Association, were already quite large, and relatively well developed organisations when the changes following Atlanta 1996 were implemented – so the process of change was relatively rapid. However, as a sign of what was to come, these NGBs also helped others to improve in critical areas, unlocking access to funding and other support, in the process. As NGBs have developed, so, too, has their relationship with both UK Sport and each other, which, in turn, has strengthened the pathways for talent identification and development in more sports – with the result that Team GB has achieved medal success in an ever expanding range of sporting disciplines, by an increasing number of athletes.

Another source of learning is from failures – even relative ones. The expectation of UK Sport is one of winning. However, the response to under-achievement is constructive: Preparation and performance are carefully reviewed to identify causes, and develop remedial strategies. Less successful athletes and teams that still have medal potential are helped to compete more effectively, sometimes with help from more successful teams or from outside of sport, such as performance experts from the arts or high-tech manufacturing businesses to help with the application of sport technologies. When British Swimming failed to meet its medal target in London, for example, a review was immediately underway. According to Michael Scott, British Swimming's Performance Director:

"Everything is on the table. We cannot close our mind to any ideas or suggestion ... We have made approaches and not necessarily to people within the sport of swimming. You have to look at Team GB as a whole and



say there is expertise in this country that could be used to sharpen our focus”.<sup>41</sup>

The Team’s record-breaking performance in Rio 2016 is evidence of the effectiveness of this approach. Another example is UK Sport’s partnership with McLaren Technology Group to produce training equipment for Olympic teams, such as rowing and canoeing. Team GB also continues to learn from best practice and other countries’ teams. So there is potential for the bar to be continuously raised, through a virtuous cycle of competitive development and improvement, nationally and internationally.

The same can be said of the possibilities for cumulative learning in industrial ecosystems and the small- and medium-sized businesses that populate them. With an effective industrial strategy and appropriate institutional structures, systems and processes to provide improved collective resources, they would be better equipped to adapt and implement strategies through which competitiveness could be developed.

## 4 Conclusions

The contemporary debate about industrial strategy in the UK has largely revolved around the question of *whether* the state should be involved as an economic actor rather than *how* it should be involved. However, whilst Britain has had a supposedly “free market” culture, for at least the past three decades, the reality is that governments from across the political spectrum have routinely intervened, usually for short-term political purposes – with predictable results.

In terms of making positive change possible, elite sport had the advantage of a relatively low political profile. Prior to the strategic changes since the 1990s, whilst it was not covering itself in glory – and was dubbed the “Team of Shame” in Atlanta 1996 – it was not attracting media headlines for industrial and social unrest. Margaret Thatcher largely ignored it, and many British sports fans became accustomed to failure, with the occasional success to keep hope alive. This made elite sport’s under-performance much easier to address since it was less subject to political idealism.

John Major’s personal interest – and the political capital to be garnered from much of the British population’s love affair with sport – provided the motivation to address the problem. This is in sharp contrast with the politicised view – by the electorate, media, special interest groups and politicians – of British manufacturing and industry. Even decades later, the psychological scars of the turbulent 1970s persist; and the popular view of manufacturing is one of dirt, strikes, low quality goods and services and uninspiring pay as well as poorly informed, short-term political intervention and truculent unions – instead of hi tech design, state of the art manufactures, world leading products and solid rewards.

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<sup>41</sup> White 2012.

This is in spite of the fact that the nature of manufacturing has changed – as has its political context. The Cold War context of industrial policy during the 1970s contributed to fear of far left revolution and neglect of initiatives aimed at producing innovative, competitive products and services. There is now the space for this to change, as well as a model that has worked very effectively in a UK context, to provide inspiration and a starting point. Yet what is really missing is the political will. The hands-off approach that characterized elite sport prior to the late 1990s was clearly holding back competitiveness, whilst the current approach focuses on competition and team work – with teams and individual athletes doing the competing and the state providing strategic leadership and support. What makes the system work is the quality of relationships and communication among the various institutions involved as well as the clarity of the overall vision. Instead of interventions based on political force majeure, the state is making informed, appropriate and problem-centred interventions on the basis of accurate and timely information. This is partly why so few interventions have been required and their overall effect has been positive – in spite of three changes of government. It is also important to note that with one exception – the creation of UK Sport – all of the changes were in the legal environment, so only the state could have made them. This clearly demonstrates that the state *must* be involved.

The current approach to elite sport has also succeeded in radically changing attitudes and expectations, both within sport and by the general public. It is no longer sufficient to put up a creditable performance – there is now a “win at all costs” mentality and vastly heightened expectations. This has contributed to success in traditionally strong areas as well as in a number of more surprising ones – cycling and gymnastics being two of the latest. Whereas initially, UK Sport targeted investment at the very *few* sports with both a realistic chance of winning medals and the governance capabilities to account for this investment, as the system and the relationships among the NGBs have developed, it has become progressively easier to broaden the number of sports in which the UK is internationally competitive. This was strikingly apparent in Team GB’s performance in Rio 2016 – where more medals, across more sports, were won by more athletes than at the previous games. There are clear implications for industry in both of these areas.

In summary, three broad areas stand out as key contributors to the success of UK elite sport. (1) an enabling competitive environment in which access to a reliable source of finance forms a part; (2) an institutional structure to provide strategic leadership, identify talent and support the development of internationally competitive athletes and teams – insulated from interference by short-term political (or elite sport) interests; and (3) an institutional system that encourages the dynamic processes underpinning learning, innovation and responsiveness to opportunities and constraints. Taken together, these – if available to small- and medium- sized British businesses and industrial sectors – would be likely to facilitate improvement in the UK’s international industrial performance.

Thus, the answer to our initial question – “Could British government and industry learn from the Olympic policy model?” – is a definite “Yes”. This includes the team’s

approach to selecting both the sports and athletes with the greatest potential, and supporting their development into world class competitors. Predictable finance has been important, but equally important is the use to which it is put. So strategic leadership and vision, a culture of winning and an institutional structure to coordinate the process of competitive improvement are vital. These are also likely to be part of any successful strategy for developing international competitiveness in business.

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