

Stephen R. Wen
Wilfrid Laurier University

The Anatomy of a Deal: Richard Pound, NBC, SLOOC, the USOC, and US Television Rights to the 1988 Seoul Olympics

Richard Pound's effort to broker a three-way agreement involving the International Olympic Committee (IOC), Seoul Olympic Organizing Committee (SLOOC) and the National Broadcasting Company (NBC) was not the first test of his negotiating skills. Pound had overseen the negotiations for US television rights to the 1988 Calgary Olympic Winter Games that yielded a record \$309 million contract with the American Broadcasting Company (ABC). Market conditions and the decision to employ a sealed bid process in the Calgary negotiations resulted in this financial windfall for the Calgary Olympic Organizing Committee (OCO '88), National Olympic Committees, International Sport Federations, and the IOC. However, in a strange twist, Pound's success in these negotiations contributed to the challenge of consummating a US television agreement for the 1988 Seoul Olympics.

This paper, based on IOC archival material, examines key factors that served to complicate Pound's task. These included: the approach of the US networks, SLOOC's expectations, and the United States Olympic Committee's (USOC) decision to claim a portion of US television revenue when negotiations were reaching the critical moment.

In the aftermath of the Calgary negotiations, the networks, including ABC, realized that their zealous approach to negotiations and the sealed bid process had reaped an inflated sale price for television rights to the Calgary Games. Three years before the opening of the Calgary Olympics, observers conceded that ABC would lose \$50-60 million

on the project. The US networks adopted an extremely wary approach to negotiations for the Seoul Olympic Games and shied away from a bidding war. Their approach was also tempered by the potential impact of a 14-hour time zone difference on the success of the planned coverage in Seoul and political instability in the Korean peninsula. SLOOC television negotiators expected a contract in excess of \$600 million. They knew that the cost of the US television rights for the Summer Olympics had been double the amount paid for the rights to the Olympic Winter Games staged in the same year. Market conditions at the time of the Seoul negotiations in 1985 were not favorable for the SLOOC, but the Koreans were unwilling to lower their expectations.

When negotiations with the US networks broke down in September 1985, Pound faced two significant challenges. First, he needed to convince the Koreans, who were facing intense criticism on the home front, that NBC's \$300 million offer was the best available. Second, he needed to devise an acceptable means of dealing with the USOC's effort to claim a portion of US television revenue. The USOC, on the basis of the Amateur Sports Act (1978), claimed exclusive privilege over the use of Olympic emblems within US territory. If Olympic telecast sponsors in the US wanted to use the Olympic rings in their advertisements, USOC expected compensation. NBC was extremely hesitant to advance negotiations until the IOC arrived at an agreement with the USOC. Between September 1985 and March 1986, Pound labored to construct a U.S. television deal amidst these conflicting agendas.

These troubled negotiations led the IOC to abandon its policy of negotiating television contracts jointly with organizing committees. For the 1992 Olympics, the IOC reserved complete authority over television rights negotiations, a decision which marked another stage in the refinement of its approach to revenue generation.



Jim Coates and Nancy Bouchier share a laugh on the Smiths' deck.