

Sustainable business models

The business models underpinning many sporting and recreational organisations face challenges from social, technological, economic, regulatory, and environmental changes.

What we're seeing

Workforce pressures

Sport and recreational organisations are powered by volunteers. But the nature of volunteering is changing. There are increasing demands on people's time, and volunteers now want more flexibility in the time they contribute. Recruiting and retaining younger volunteers can also be challenging.^{1,2} The pandemic and the rising cost of living has also affected the paid and unpaid workforce. Sometimes positively, with people wanting to contribute to their community. But sometimes negatively. Many people on lower incomes are needing to work longer in paid jobs to make ends meet.³ There is also an increasing risk that people working for charities move to higher paying private sector jobs.⁴

Digital adaptation

The dominance of digital media means that organisations may need to adopt new communication strategies and invest more in information technology skills and an online presence.⁵

Expectations of sporting experiences are also rapidly changing. Better collection and use of data is being used to provide more personalised fan experiences. Augmented reality and artificial intelligence is also being adopted for larger events. Better data practices can also help secure better sponsorship deals.⁶ There is also greater merging of sport and entertainment. This creates new opportunities, but it is a very competitive space, so organisations may struggle to differentiate their offering(s).⁷

Economic challenges and opportunities

The pandemic and climate change, put increasing pressure on government and private sector finances. Class 4 gambling revenues and charitable giving temporarily fell. Although these funds recovered, Class 4 continues to be vulnerable to regulatory shifts, Council policy and changes to gambling habits (notably an increase in online gambling). This may result in reduced support and sponsorship for some organisations and events, and for facility maintenance operations.⁸

New sources of funding, and partnerships with other sport and recreation (or cultural) organisations may need to be developed to sustain funding levels.

Regulatory burdens

Organisations, especially charitable ones, are facing growing administrative requirements. Such as for health and safety, and financial reporting.⁹ The Charities Act is being revised, which will have governance implications.¹⁰ Greater scrutiny of the profits of sectors such as banking, energy, and supermarkets¹¹ could, positively or negatively, affect their support for sport and recreation organisations and events.

Societal expectations

There is increasing pressure for sport and recreation organisations to demonstrate that they act with integrity, and support the health and wellbeing of their staff and athletes.¹² Increasing scrutiny of climate and other environmental and social impacts of events and activities are likely to prompt changes in business models too.¹³

Potential implications

Create

- Sport & recreation organisations that are socially and financially sustainable
- Healthy and safe working environments

Relate

- Businesses focus on wellbeing, not just winning or number of participants

Consume

- Improved fan and spectator experiences

Degrade

- Inability to attract & retain workforce if changes not made
- Organisational viability eroded if business model remains the same

Connect

- Improved connection and engagement with workforce and fans
- New partnerships between organisations

Define

- What does a socially & financially stable organisation look like in these disruptive times?

More information (links)

¹ [Reimagining volunteering](#)

² [Report on the review of the volunteer management activity](#)

³ [Playing community sport may come back, but will the volunteers?](#)

⁴ [Here for good? Not for profit sector report 2022](#)

⁵ [How technology will change sports commercial model](#)

⁶ [Technology has changed the sports business:](#)

⁷ [Digital transformation of sports entities by 2025: What will it look like?](#)

⁸ [Building New Business Models for Engaged Community Sport – Post COVID-19](#)

⁹ [Governance volunteers matter](#)

¹⁰ [Policy decisions to modernise the Charities Act 2005](#)

¹¹ [Market study into the grocery sector](#)

¹² [Sport businesses need to focus on ethical guidelines](#)

¹³ [Carbon neutrality for sports: Take action now](#)