Advanced Engineering Management

CASE STUDY

According to Kao [1], organizational values and attitudes that tend to facilitate the management of rapid growth include:

1. Expecting the unexpected
2. Anticipating the end of rapid growth
3. Assessing the meaning of growth for the organization (i.e., is growth "good" or "bad") in the context of its strategic focus
4. Developing sources of objectivity (i.e., persons or organizations to maintain a realistic perspective)
5. Thinking like a small organization (i.e., recognizing the impact of little if any organizational redundancy)
6. Changing leadership style as the organization grows
7. Creating and managing the organizational culture to constantly reaffirm the organizational mission

From the information provided in the LAOOC case study, identify two ways in which the LAOOC addressed each of the seven points listed above.

[1] Kao, John J. The Entrepreneurial Organization (Englewood Cliffs, NJ: Prentice Hall, 1991)

Los Angeles Olympic Organizing Committee—LAOOC

They said it couldn't be done. Staging the XXIIIrd Olympiad in crime-ridden, traffic-clogged, polluted Los Angeles without any tax money or government funding was asking for financial disaster. The city would also become a target for terrorists. And the Russians would cause problems; the International Olympic Committee (IOC) would cause problems; the U.S. government would cause problems.

They were wrong. Over half the world's population watched on television as Los Angeles hosted the 1984 Summer Olympics, which despite a Soviet-led boycott, assembled the largest contingency of nations ever. The world's athletes enjoyed spectacular opening and closing ceremonies and superbly organized and executed events; tight security thwarted potential terrorism.

The athletes were not the only beneficiaries. The citizens of and visitors to Los Angeles and southern California witnessed a magical spell during the 16 days of the Olympics. In fact, the whole country ignited in a patriotic ground swell not seen in a long while. The Olympic Torch Relay, viewed by almost 40 million Americans, raised $10.9 million for YM and YWCAs, Boys and Girls Clubs of America, and the Special Olympics. It also lifted the spirits of those who saw and carried it.

The Games raised something else: $225 million surplus. Revenues generated from private sector sponsors, television rights' fees, and ticket sales more than covered the tightly budgeted and monitored expenses. Moreover, for the first time, an Olympics had finished in the black without using any governmental money. Surplus funds were distributed to sports and youth groups in the United States—40% to the U.S. Olympic Committee, who had pledged to cover any LAOOC deficits, 20% for the national governing bodies of sports within the United States, and 40% for amateur youth sports groups in southern California. The youth sports allocations would be administered by a newly formed Amateur Athletic Foundation.

Many factors, individuals, and organizations contributed to the success of the Games. One group, however, deserved a majority of the credit: The

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Los Angeles Olympic Organizing Committee, LAOOC. Its staff was small compared to those of previous organizing committees, but its accomplishments exceeded the expectations of most observers.

LAOOC president and chief executive officer, Peter Ueberroth, was named *Time* magazine's Man of the Year in 1984 for "his entrepreneurial skills, leadership and organization" of the 77,000 staff members and volunteers who ran the Games, the largest peacetime volunteer group in U.S. history.

The enormous task of organizing, staffing, leading, and running the LAOOC is the focus of this case.

THE BID

In October of 1978, Los Angeles was named to host the XXIIIrd Olympiad of 1984; the only other city to bid was Teheran, Iran, which later withdrew. Less than a month later, Los Angeles voters overwhelmingly (83%) passed a charter amendment prohibiting any city public funds from being used to stage an Olympics.

John Argue, prominent L.A. attorney and lead organizer for the Los Angeles bid, returned to the IOC ans asked permission for a private group with private funding to sponsor the Games. Given no other choice, the IOC reluctantly agreed.

The executive search firm of Korn-Ferry was hired to find someone to run the Los Angeles Olympic Organizing Committee. The task was to identify a leader who loved sports, had a feel for global issues and commerce, and could start up, build, and operate a large corporation over 5½ years. The candidate also needed the creative abilities to secure funding and solve problems that had plagued the Olympic movement for some time. In March 1979, the search committee named Peter V. Ueberroth president of the LAOOC. This San Fernando Valley businessman was picked over a list of many more prominent names.

PETER UEBERROTH

Born September 2, 1937, in Evanston, Illinois, Peter Ueberroth was the second child of Victor and Laura Ueberroth. His father, of German and Austrian descent, worked at Sears & Roebuck and later as an aluminum products salesman. Peter's mother, Laura, a Christian Scientist like her husband, died of leukemia when Peter was four. A year later his father remarried. John, Peter's stepbrother, was born the following year. The family moved often during those years, finally settling in Burlingame, California, where Mr. Ueberroth sold radio advertising.

Peter had a great interest in athletics, even though his father did not. He remembered his dad as a stern disciplinarian who only saw him compete in sports one time. At 15, Peter moved away from home after landing a job as recreational director at a children's home. Peter paid his own way through college at San Jose State with a grant-in-aid scholarship, as a member of the water polo team, and with part-time jobs. He later tried out but failed to make the 1956 American Olympic water polo team.

After graduating from San Jose State in 1959 with a degree in business, Ueberroth's first job was selling copiers for 3-M. When that did not work out, Ueberroth approached one of the small airline carriers he had represented two years before during a summer vacation in Hawaii, L.A. Air Service, which hired him to run its Hawaiian operation. Kirk Kerkorian, who later controlled Western Airlines and Metro-Goldwyn-Mayer, owned the company. After three years in Hawaii, Ueberroth, now married, transferred back to L.A. Part of the incentive for returning stateside was a negotiated 3% ownership of the company.

In 1961, Ueberroth sold back his stock in L.A. Air Service and started his own travel business. Working out of his Encino home, Ueberroth and his new company, Travel Consultants, Inc., represented small international carriers. Later renamed First Travel Corp, the company offered packaged tours and reservation service.

The company, now in 12 cities, used the proceeds from a public offering to buy up small travel agencies all over the country. By 1978, First Travel had 200 offices, 1,500 employees, and $300 million in gross revenues. It was the second largest travel company in the United States, behind American Express.

Ueberroth, who believed that quality service was the only way to differentiate his product, offered office managers equity in the company, designated each office a profit center, and gave managers a cut of their office's profit. He readily hired women and older workers, gave them unheard-of responsibility, and made many branch managers. His only requirements were that a person have some talent, the ability to grow, and integrity.

In the fall of 1978, Korn-Ferry, looking at over 200 potential candidates, approached Ueberroth about the LAOOC job. Flattered but not interested, Ueberroth turned down initial consideration but agreed to think about it. The more people he talked to and the more he thought about it, however, the better the idea became. Ueberroth remarked, "I had really accomplished what I was going to accomplish with my business. First Travel had three young, strong presidents of the three divisions, and I was playing a lot of tennis and golf."

Dick Roberts of Korn-Ferry urged Ueberroth to meet with some of the board members who would make the final selection. Ueberroth responded:

> The board got down to four candidates. The others were all major corporate leaders who didn't know what it would be like to find out you didn't have an office or a phone. I didn't think they would have a chance to succeed, where I had a general scheme of how it might work.

He was a long shot, but with support of board members Justin Dart, chairman of Dart Industries, David Wolper, renowned Hollywood producer of film and TV projects such as *Roots*, and Paul Ziffren, prominent Los Angeles attorney, Ueberroth was named president, and Paul Ziffren chairman of the LAOOC.

Not only were the board members convinced of his business ability to deliver the mission of the search committee, they were equally impressed by Ueberroth's personal philosophy. Ueberroth had communicated three basic beliefs:

1. We live in the greatest country on earth.
2. If you convince the American people to believe in something, they could accomplish almost anything.
3. Patriotism is alive and well in the United States and only needs a rallying point.

For Peter Ueberroth, that meant the 1984 Olympics.

BUILDING THE COMMITTEE

Beyond the usual challenges of staging a world-class event, Ueberroth and the LAOOC faced additional hurdles, the main one being how to raise the necessary revenues and keep costs at an affordable level. Historically, Olympic Games had been funded from three main sources: *governments*, *lotteries*, and *donations*. At Montreal and Moscow, the two previous sites, government contributions exceeded $1 billion and $5 billion respectively, accounting for 90% of the funds.

In Los Angeles' case, local government funding was already ruled out by the referendum, federal funding was doubtful and troublesome, lotteries were illegal at that time in California, and donations would compete with traditional charity recipients such as The United Way. That left only the private sector as a significant source of potential funds. The three main private sources identified were: *television*, *commercial sponsorships*, and *ticket sales*. Unfortunately, previous organizing committees had only been able to raise as much as $75 million from these sources.

Other important issues involved the approach to developing a public image for the Games and the timing of the LAOOC's growth. Ueberroth sought the advice of Paul Ziffren, experienced political advisor, and John Argue, who had led the early drive to bring the Olympics to Los Angeles.

After months of struggling with these and other problems surrounding the preparations for the Games and closely studying what previous committees had done, Ueberroth and his advisors developed an overall strategy which guided other actions. These principles included:

1. Use existing facilities where possible. If new facilities were needed, arrange for early completion dates and someone other than the LAOOC to fund the project and any cost overruns.
2. Limit the number of corporate sponsorships.

3. Focus LAOOC efforts on the competition portion of events and employ outside specialists for large projects (i.e., security construction and food service), coordinating their work with LAOOC personnel.
4. Keep financial and security matters confidential to the LAOOC where possible, in accordance with similar private not-for-profit entities.
5. Limit spending and staff size as long as possible; tap the large pool of volunteer workers.
6. Utilize proven business professionals—especially those from an entrepreneurial background—rather than sports experts to operate the different sporting event venues.
7. Prohibit government funding of any type except for items normally covered, such as national security and intelligence.

The overriding goal was to stage a successful yet frugal Olympics without losing money or requiring taxpayer funding.

REVENUE GENERATION

When Ueberroth assumed the LAOOC presidency, he set out to generate some working capital. Although IOC rules prohibited signing any sponsor contracts prior to the conclusion of the 1980 Games, Ueberroth alerted the media that television rights to the L.A. Games would be put out for bid. To bid, interested parties had to ante up to $750,000 refundable deposit, $500,000 now (April 1979), $250,000 with the bid (September 1979). Five companies—the three major networks plus ESPN and Tandem Communications—made deposits. Escrowed in a bank, the money provided approximately $1,000 per day in interest/working capital.

With committee board member David Wolper and staffer Joel Rubenstein, Ueberroth researched the potential for television. Their studies showed that a worst case for eventual advertising sales by the winning bidder would be $300 million. Therefore, Ueberroth and Wolper demanded a floor of $200 million, plus the estimated $75 million it would cost to be host broadcaster and providing facilities for visiting networks. ABC won the bid by agreeing to pay $225 million and serve as host broadcaster. Forty million dollars was paid immediately, with the rest coming in installments. The interest alone from this initial down payment funded the committee's needs well into 1982. Ueberroth commented: "We decided to operate on interest income and not touch the principal. In case the Games were cancelled, we could at least give everyone their money back, plus a portion of the interest."

CORPORATE SPONSORS

Directed by Ueberroth, Joel Rubenstein, a former marketing director at Mattel Toy Company, studied the 1980 Lake placid Winter Games' use of corporate sponsors. He found that the 300 sponsors donated many free products and equipment, but less than $10 million in cash. Rubenstein came up with the idea of limiting corporate sponsors to 30 internationally-oriented large advertisers, one per product category. This exclusivity should be worth more as a marketing tool for each company, he surmised.

Ueberroth agreed and set an arbitrary floor of $4 million minimum for each slot, and only negotiated with the top executives of bidding companies. When the first negotiated category—soft drinks—concluded, Coke had outbid Pepsi, paying $12.6 million, its largest dollar sponsorship ever on a sporting event.

Immediately following the Moscow Games, the LAOOC announced the ABC television contract, the Coke sponsorship, and other agreements totaling over $255 million in cash, along with numerous in-kind agreements. This confirmed the potential for raising $200 million from corporate sponsors.

By the end of the Games, the LAOOC had raised over $600 million from all private sector sources compared with Montreal's $72 million. (See *Exhibit 1* for a complete list of Sponsors and Revenues.)

Besides establishing the possibility of funding the Games, the ABC and Coke negotiations also solidified Ueberroth's power base within the LAOOC. While officially reporting to the chairman, Paul Ziffren, and the board of directors, Ueberroth from then on effectively controlled the operation of the LAOOC. No longer would he need to consult the board on financial matters exceeding $50,000, which had been the board's stated policy up to that point. Ueberroth commented: "We had to get control of our own destiny. Taking decisions to boards and committees would have brought politics into play. Announcing positive developments after the fact set a precedent. I don't think the board ever voted on a single issue until after I left."

A keen example of this leadership clout within the committee took place on the day before the Games began. ABC still owed a final installment of $35 million for television rights. Because of a possible ratings shortfall due to the Soviet-led boycott, and a clause in ABC's contract where rights payments could be reduced if a boycott hurt ratings, the LAOOC verbally agreed to refund 20 of the remaining $35 million. Rather than pay the remaining $15 million as it had verbally agreed, ABC held out, citing "insurance" in case of a ratings disaster.

Ueberroth was livid. To him, ABC executives had done the inexcusable—gone back on their word. He instructed Zeffren and other board members to stay away from the ABC Olympic kick-off dinner that evening hosted by ABC's board of directors, many of whom were Ziffren's friends and clients. No members of the LAOOC attended, and ABC executives received the cold shoulder throughout the Games.

VENUE SELECTION

After drafting a strategic plan and procuring revenues, securing competition and housing facilities was the next major task. Twenty-seven sites were selected within a 200-by-50-mile corridor from Santa Barbara to San Diego.

Stadiums in Boston and Palo Alto at Harvard and Stanford Universities were also used for preliminary-round soccer matches. Three Olympic Villages were designated: the college campuses of UCLA, USC, and UC–Santa Barbara.

These spread-out venues, the Olympic term for the location of an event or a village, were opposed by the International Olympic Committee (IOC), sports federations, and country Olympic committees. Critics believed that the system would be a logistical nightmare, athletes would be exhausted from all the busing to and from venues, and they would be deprived of the comradeship of a unified village.

The LAOOC's plan was to use existing facilities where possible. Much of the high cost of previous Games had been in new facilities construction. The LAOOC held firm and won approval for its plan which demanded precise coordinating, scheduling, accrediting, feeding, and transporting athletes, their entourages, and sports officials over the 16 days of the Games between the venues.

An example of the site selection and negotiation process was basketball. Los Angeles was home to two professional basketball teams, each wanting to host the event in its own major arena. The LAOOC used the competition between the two teams to negotiate favorable terms regarding lease arrangements and future revenue sharing of items such as concessions, parking, and novelties. This process was used at other venues where possible.

Sites where facilities had to be constructed were given early attention. These were: archery, canoeing/rowing, cycling, hockey, shooting, swimming, and the endurance portion of the equestrian event. The most expensive were thought to be cycling and swimming. According to plan, Southland Corporation and McDonald's funded facilities for cycling and swimming respectively.

Venue contracts were completed in the following sequence: nine in 1980, ten in 1981, three in 1982, and five in 1983.

Financial planning. In June of 1979, the LAOOC hired Arthur Young & Co. and Peat Marwick and Mitchell to draft a study of perceived expenses and revenues for the period June 1978 to September 1984. An initial budget of $450 to $500 million was estimated for capital and operating costs of preparing for and staging the Games. The study, a summary of which was made public in September 1979, also reported that a surplus of roughly $21 million was possible, given a spartan level of service.

Engineering. Rather than hire many key full-time technical employees, the LAOOC "borrowed" approximately 60 project engineers and technicians from major engineering and construction corporations. These specialists, on leave from their respective companies and paid by the LAOOC, handled the detailed operational planning and implementation of procurement, purchasing, design, and construction at the separate venues. Their work was coordinated by full-time LAOOC supervisors.

Subcontracting. Some of the major labor-intensive functions were awarded to outside groups and corporations. Most food service and athlete transportation was covered by ARA Services; security was subcontracted to local and private organizations.

Security. This was a top priority for the committee. All the years of work for the Games could be ruined by one tragic incident by one crazed individual, much less a terrorist group as in Munich. The theme was to build security around the Olympics, not vice versa.

The size of the undertaking and scattered venues made the task doubly difficult. Law enforcement agencies involved included the Los Angeles Police Department, the Los Angeles County Sheriff's Department, other municipal and county departments, and the FBI. Ed Best, FBI special agent to Los Angeles in 1981, took early retirement at the LAOOC's request and became LAOOC director of security in April of 1982.

The LAOOC coordinated the various groups, organizing them into the Olympic Enforcement Coordinating Committee, and paid them (except for the FBI). Agreements were negotiated with individual agencies to pay only for what was necessary in fulfilling their responsibility: to secure the venues, and the transportation of athletes and members of the Olympic family. Security was the largest item in the LAOOC budget.

As an adjunct to outside agency protection, the LAOOC formed a force of 12,000 private security guards who assisted the other agencies and secured the operational locations of the LAOOC. A visitor to the LAOOC's Marina Del Ray headquarters in the spring of 1984 would have entered the unmarked building through a large reception area manned by uniformed but nonthreatening security guards. Once registered, he would be issued a badge to be worn at all times and pass through a metal detector; the official he was to meet would be called, and the visitor either waited for that person to come or was escorted through electronically opened doors to his destination by one of the guards.

Staffers entered the compound through a rear gate and checkpoint. They signed in, picked up their personalized badges, and passed through a metal detector. Upon exiting, the process was reversed.

LEADERSHIP AND ORGANIZATION

From the beginning, the LAOOC was influenced by its leadership at the top. The Peter Ueberroth style was evident everywhere. A creative energizer and motivator whom staffers remembered as unselfish, reasonable, and willing to compromise, Ueberroth induced former associates to be early LAOOC staffers; equally important, he recruited talented businesspeople as needed. On February 1, 1980, Ueberroth hired Harry L. Usher as general manager of the LAOOC. Usher, who had been his business attorney for many years, specialized in entertainment law. His overall operating responsibility benefited

from this background. He became the LAOOC's "Mr. Inside," handling organizational details, sponsorship and licensing agreements, and contract negotiations for most of the venues, while Ueberroth was "Mr. Outside," dealing with the strategic, political, and diplomatic issues. Ueberroth said:

> Harry was more of a partner to me than a reporter. Major, major decisions, I made or Harry and I made. Harry would implement them. Department managers made other decisions. I don't believe in committee decisions on anything. I believe the accountable person has to make the decision.

While Ueberroth could be intimidating and demanding, he never asked others to do things he would not do himself. A good example involved the Olympic staff uniforms. Some staffers and volunteers found these brightly colored ensembles, featuring variations of the L.A. Games' "butterfly" colors, difficult to embrace. To overcome the shock, all personnel were required to begin wearing uniforms, which varied by job, a week before the Games began.

Ueberroth, Usher, and other top managers set the example, with Usher modeling the staff uniform at a press conference. Because everyone was involved the issue was diffused. During the Games, Ueberroth wore eight different uniforms.

LAOOC staffers were expected to learn all about the Olympic movement and its history, especially the IOC and its leadership. Ueberroth was not above verbally testing staffers about Olympic knowledge or the spelling of an official's name; likewise, seasoned staffers, during orientation of new personnel, were known to quiz about the spelling of Ueberroth's name.

The commissioners program. Each of the 23 Olympic sports plus ceremonies was run by a commissioner, who served as the chief executive officer for that event. Although some commissioners were unfamiliar in the beginning with the sport they represented, each had executive credentials and Ueberroth's trust. Many were current or former top level corporate executives, most from entrepreneurial backgrounds.

The commissioners' missions, besides organizing, coordinating, and staging their event, were to become experts in their sport and make friendships with their counterparts in the international sport federations. By the summer of 1983, Ueberroth had filled all commissioner positions.

The posts were part time at first, with commissioners paid a yearly retainer of $5,000; as of January 1984, commissioners were required to come aboard full time. "The secret was to give them their own empire and let them experience it a little bit at first, then in the critical last year bring them aboard full time," Ueberroth related. While modest, the salary served its purpose; volunteers were difficult to fire, salaried employees were not. In a couple of instances, commissioners were replaced.

Commissioners were responsible for all four phases of operation at the venue: preparatory, move-in, operations, close-out. They needed a detailed understanding of all activities planned and their primary objective was to make the Games work. Each commissioner had to build a management team, integrate the services delivered by each functional area or in some cases provide them, prepare an operating manual and job descriptions for each venue staff position, and orient and train management and staff. An early task was developing a budget, which needed approval from the LAOOC's executive operations committee. According to the "Commissioners' Mandate for the Preparatory Phase," a document distributed in January 1984, ". . . the events at the venue should be staged at a reasonable cost, not a minimal cost, not a spartan cost, not a lavish cost, but at a cost which provides for a reasonable show."

Each sport also had a full-time sport manager reporting to the commissioner during the Games. In actuality, many sport managers, who were hired and coordinated by the sports group VP, functioned as chief operating officers until the commissioners came on full time.

Executive operations committee. This group, formed in November of 1982 and composed of senior operating managers, monitored LAOOC daily operations and coordinated departmental integration in preparation for the actual Games. The committee met twice weekly until the Games started when it met daily. Group membership changed over time but for the most part included: the general manager (Usher); group VPs for construction, external affairs, human resources, internal affairs, Olympic Family operations, planning and control, sports, and support operations; VPs for Games staffing, security, ticketing and transportation; one or more commissioners who represented that group's interests. "Once in a while I would drop in and let them know my feelings on some subject," Ueberroth added.

ORGANIZATIONAL DEVELOPMENT AND MANAGEMENT OPERATIONS

With other elements falling into place, the LAOOC began focusing on key staff hiring and organizational development. Mandates, budgets, time lines, and policies evolved for each department.

Organizational structure. The LAOOC purposefully did not publish an organizational chart until 1981, and it still changed constantly. The basic lines of authority until just before the Games were functionally based, with seven group vice presidents in charge of 31 departments by 1984. The group VPs reported to general manager Usher. This changed just prior to the Games when the organization became driven by the individual competition sports.

LAOOC culture stressed flexibility and continual change. Staff members assigned to one project would be reassigned as the project was completed or another of greater importance came up. This led to broad responsibilities during the early years. As the Games neared, however, responsibility became

more tightly focused. This need for organizational evolution was constantly communicated throughout the LAOOC. Ueberroth added:

> Another thing I repeatedly told them all in person when we were small, and in writing later, was that whatever responsibility or authority they had would shrink as the LAOOC got bigger; they would have to give up a piece of their pie. We had some good planners who I knew would not be good implementers.

As the LAOOC prepared for growing the organization, department managers and staff were urged to recruit familiar people for new staff positions. Even conventional nepotism rules went out the door as the Games got closer; the committee needed a family of people it knew and trusted to pull together and do the job. Ueberroth stated:

> If you look at the top 100 employees at the LAOOC, most of them were people I knew (personally) or knew about. From my children's school principals, to (co-participants) in charity events, business acquaintances to college friends, these were people I had seen in action before.

Information sharing became more difficult with time and growth. To ease this problem, weekly status reports began in November of 1982 and continued until the Games began. These reports summarized each department's activities during the preceding week and projected activities the following week. The reports were due on Friday at noon and distributed to department heads by 4:00 PM. Starting November 1983, a monthly report, summarizing the past month's and future one to three months' activities, began and substituted for one of the weekly reports. These reports also helped the executive committee develop and monitor agenda items for its meetings.

Department head meetings were held regularly during 1982 and early 1983, were discontinued until late 1983, and then ran again until just before the Games began. These proved to be good forums for discussions and dissemination of sensitive information.

Commissioners met weekly with senior management while they were part-time staff. Once they became full time, the commissioners joined with the department heads in their meetings.

Master plan. A planning department was formed in June 1981 and given the job to develop a master operating plan for each department. These plans specified major responsibilities, tasks, personnel needs, key deadlines, and a first draft budget. Planners worked with existing department employees and reviewed reports from past organizers. After ten months, this group produced a blueprint for each department.

Scheduling. A computer-generated task network PERT (Program Evaluation and Review Technique) highlighted 20,000 time-sequenced items in preparation for the Games. Unfortunately, PERT forecast the completion of those items in 1986! This and other problems led the LAOOC to abandon PERT and let each department determine how to execute its mandate based on the individual styles and circumstances of department managers.

In January 1983, the LAOOC formally replaced the PERT system with a simplified master schedule of some 600 key dates. Departments were required to make themselves aware of necessary interdepartment coordination. Many departments devised their own schedules to monitor internal progress.

Retreats. Policies, goals, and departmental plans were thoroughly discussed during a series of management retreats during 1981, 1982, and early 1983. Each department manager submitted a vision paper defining goals, operating assumptions, service levels, work plans, and unresolved issues for his or her area. Widely circulated, these reports helped familiarize and educate departments and open their areas to suggestions from others.

Operating plans. Beginning in fall 1982, commissioners submitted draft operating plans for their sport, focusing on construction requirements, competition staffing, training facilities, scheduling, and special assistance from support departments, such as transportation for athletes from the villages. These drafts formed the base for operating manuals for each site.

In the summer and fall of 1983, the LAOOC held a number of individual, small-scale sporting events that provided good dress rehearsals for the Games. Each department pinpointed potential problems and learned how to work through them. The new facilities underwent shakedowns. Commissioners and staff whose departments were not holding events observed and participated in the event management. Untested venues continued to hold competitions up until a month before the Games. Volunteers were extensively used.

The opening ceremonies required 380 preliminary rehearsals and 304,000 man hours. The final dress rehearsal, two days before the actual performance, played to a ticketed audience of some 50,000 LAOOC staff and volunteers. The actual opening ceremonies had been sold out for over six months.

Revised budgets. In spring 1983, the LAOOC completed a major, last revision Games operating budget. With most of the key staff already hired, operating plans drafted, and initial tests completed, Games expenditures could be reasonably estimated. Each department presented sets of service-level assumptions and line-item summaries of staffing and equipment needs—those purchased and those provided by sponsors. Based on this review, Games budgets by department were constructed and a reporting system of actual versus budgeted amounts begun. While continuous refinements were made in the following months, no new budget cycles were instituted.

Venue development. Each venue had a development team comprising staff members from all LAOOC departments. During six months, the teams created a definitive report outlining each department's responsibilities, manpower and equipment needs, and space planning. Conflicts were usually resolved through team negotiation and consensus. Unresolvable problems were referred to general manager Usher, who gave final approval to all venue development plans. After plans were approved, staff recruitment and final site preparations charged forward.

Venuization. The LAOOC termed the switch from the early days of departmental organization to venue emphasis "venuization." In prior Games this process proved difficult, as members developed strong loyalties to particular functional departments such as food service, security. During this time the LAOOC commissioners, who became full-time employees in January of 1984, focused on putting together their own management teams, acquiring a Games staff, and training new personnel. The number of salaried employees grew from 800 to 1,400 from January to April 1984. Between January 1983 and January 1984, LAOOC staff members had grown from 200 to 800.

Venue-specific group meetings and seminars informed and educated new hires on venue operating details and plans. While all LAOOC employees worked in the Marina facility, the venue groups were located in their own "area" within the open structure. Central operating and original functional groups remained, but their roles evolved into more traditional staff-support functions.

In May 1984, each venue conducted a site simulation exercise with approximately 20 members of the site management team. With architectural blueprints, the teams walked through every aspect of on-site operations, searching for overlooked items, pointing out conflicts and inconsistencies, and verifying people flows of participants and spectators. Series of "what if" questions probed the site's contingency plans.

One month prior to the opening of the Olympic villages, a day-long exercise, called "Torchlight III," involving the top six managers at each site and the LAOOC Operations Center, was held. Smaller exercises, involving law enforcement agencies with LAOOC observation, had occurred the year before. This latest effort, however, included full LAOOC participation.

The simulation exercise posed a number of problem scenarios presented to different sites at various intervals. The venues responded by telephone, stating the resources they would use and other departments they would alert given the problem. Some of the scenarios included collapse of a grandstand, a team walking off the field in protest, a terrorist attack, a spectator fainting after eating of a hot dog, and a lost child appearing at an information booth. The exercise also included questions and scenarios for central managers at the Operations Center. Several venues continued to use simulated exercises up until Games time.

Human resource management. The HRM staff, which numbered two in 1980, growing to 70 in 1984, focused on four key objectives:

1. Acquiring and maintaining a quality permanent staff.
2. Long-range manpower planning.
3. Systems development for interviewing and hiring a large Games staff.
4. Implementing training and orientation for Games staff.

LAOOC philosophy regarding permanent staff was the network approach. Departments understood their own needs and were recommended to find their own employees or ask HRM for assistance. Job requisitions were utilized and computer-tracked. After a job requisition had been approved by a department head, filed with HRM, and a candidate recommended, the name was submitted to the security department for a thorough background check with law enforcement authorities. The network accounted for about 50% of Games staff.

The LAOOC maintained strong policies based on affirmative action and equal opportunity for all LAOOC hiring, paid and volunteer. The result was strong representation of women and minority groups within the LAOOC.

Initially, the LAOOC was very competitive in the Los Angeles job market, with early employees probably receiving less than equivalent salaries as against those for comparable jobs in the private sector. As Games time approached, the LAOOC paid more than equivalent jobs in the private sector to ensure hiring qualified employees. With a rapidly approaching deadline (the opening of the Games) which could not be extended or delayed, the LAOOC raised salaries for prospective employees. In essence, the LAOOC was paying people for the risk they were taking by coming aboard at a late date for only a very short term of employment.

The LAOOC's objectives for its compensation program were that the program be:

- Internally equitable; to provide salary ranges for all positions that fairly reflected the value of each position relative to the others.
- Externally equitable; to provide salary ranges in all positions at a dollar level that was competitive in the labor market and at a level required to attract and retain effective employees.
- Personally motivating; to serve as a vital management tool in motivating employees toward specific achievement of essential results with flexibility within a position's salary range to recognize different degrees of individual performance.

In 1983, the LAOOC announced a severance program, supplemental to salaries and benefits. In 1984, HRM announced a job outplacement program.

Volunteers. In 1984, as the LAOOC was ramping up its staff to handle the last push before the Games, final preparations were underway to bring out what Ueberroth called his secret weapon—an army of volunteers.

In January of 1983, at the IOC executive board meetings held in Los Angeles, which include national Olympic committees from around the world, volunteers had served as hosts, drivers, interpreters, doctors, and tour guides for 560 delegates representing 141 countries. This organizational effort provided a good run-through for volunteer selection, training, and operations and provided an infrastructure of volunteer leaders for the main event in 1984. Another volunteer group, the Spirit Team of former American Olympians, toured the country promoting good will and support for the L.A. Games.

Later in 1983, after growing public interest, HRM interviewed 2,000 volunteers for positions as Games staff interviewers. From these, volunteers were selected and trained to man four Games staffing centers in different parts of the area. These centers, each with five paid staff and the rest volunteers, processed and interviewed the 100,000 volunteer applicants.

HRM designed the training and orientation system for all staffers. Actual sessions were conducted by venue managements at their sites. The sessions were not mandatory, but over 80% of Games staff attended. All venues followed a similar agenda. (See *Exhibit 3*.)

At the beginning of 1984, Ueberroth gave up his salary and joined the volunteer corps, attending hundreds of volunteer meetings and parties. At each venue's orientation meeting, volunteers were told how the success of the Games rested on their shoulders. They also were given T-shirts, pins, and uniforms—just like paid staffers. During the events, they also received lunch money or meals. All told, over 70,000 volunteers participated in the Games.

LAOOC's overarching theme was "Live a Part of History." This message was printed on most LAOOC materials and verbally reinforced repeatedly. "A once-in-a-lifetime opportunity to participate in a worldwide event . . . Make a difference. . . . Be a part of it. . . . A noble cause."

The theme was also reinforced by the "look" of the Games. Leading design firms created the decor, using magenta, vermillion, yellow, green, and aqua colors. By design, these colors worked very well on television. Employees saw these colors everywhere: first in the Westwood office and later at the Marina Center, a one-time Hughes Aircraft helicopter assembly plant. In September of 1983, the LAOOC relocated its headquarters to this facility and decorated its wide open space with geometric designs in all the Olympic colors hanging from the exposed rafters of this 100,000 square foot building. Decorations also featured painted sono tubes and banners.

Later, in June of 1984, Southern California got the real taste of "Festive Federalism," the name given to the look. The venues and transit routes received 20,000 street banners, 60 tents, 20,000 signs, 3,500 spiral tubes, 200 canopies, 24 large balloons, 1,500,000 cubic feet of scaffolding, 400,000 containers of flowers, 35 miles of decorative fabric for fences, and 11 miles of glitter strips.

Besides orientation materials, new hires received their first Olympic gift at the end of the meeting: the official Olympic lapel pin. "Pin Mania," collecting and trading Olympic pins from around the world, became a popular pastime of athletes and spectators during and after the Games. Following orientation, new employees had lunch in the Cafe de Coubertin, named for Baron Pierre de Coubertin, founder of the IOC in 1894. This on-site cafeteria, offering a large variety of low-priced good-quality cafeteria food, was open from 7:00 AM until 6:00 PM, with indoor and outdoor seating. Employee meals were subsidized at the rate of $2.00 per day.

MAY DAYS

Two significant events transpired in May.

The torch relay. Ueberroth first considered a torch relay in 1980. At that time the only attention being generated in the country about the upcoming Olympics was in southern California. "Why not fly the flame from Greece to New York and run it across the width of the country?" Ueberroth thought. Bucking logistical nightmares and stiff internal LAOOC resistance, Ueberroth remained committed. "I just knew it was the right thing to do," Ueberroth related. This was a chance to create media attention and momentum, evoke public patriotism, pride, and warmth for the Games. AT&T agreed to sponsor the event.

The Torch Relay became a giant fundraiser. Participants donated $3,000 to run a one-kilometer leg, with proceeds benefiting local youth organizations. A political consultant was picked to run the program. Ueberroth's only charge: "Paint a picture across the country."

On May 8, 1984, the Torch Relay began in New York with a big send-off. During the next two months it snaked its way across the country, over 9,000 miles, through every region and 33 states. Along the way, millions lined the road to view the torch and its carriers. Local media picked up the stories, and by the time the torch reached Los Angeles the whole country was alive with Olympic enthusiasm.

Soviet boycott. One contingency for which the LAOOC had prepared occurred on May 8, 1984, when the Soviet Union announced its boycott of the L.A. Games. The LAOOC immediately contacted each of the National Olympic Committees and urged them to participate in the Games. At the same time the LAOOC implemented plans to cut back services where appropriate, reflecting a potential reduction in the number of competitors.

Over the next two weeks, 14 other countries joined the boycott. On June 2, however, the LAOOC announced that 141 nations *would* participate at Los Angeles, the largest number ever to compete in a Games, far surpassing Munich's previous high of 122. Although some adjustments were made, from a logistical and operational standpoint, little overall impact was felt from the boycott.

BUILD UP

In the period just prior to the Games, final construction had to be completed, a bulk of the staff brought on board and trained, and the venue teams moved to the sites. As per contract, the LAOOC, on average, did not take exclusive possession of the sites until two weeks before start of competition; this left little time for modifications.

Operations center. As site management moved to their venues, the LAOOC activated an Operations Center in early July with a carefully selected and trained staff. Located inside the Marina Center near the administrative offices, the Operations Center served primarily as an information, communications, and service center coordinating senior managers of venues and managers of central departments still headquartered at the Marina Center.

Responsibilities were divided among five posts, each with its own phone number and one or two support assistants, and grouped along geographical and logistical lines. Center support staff assisted in maintaining running logs and reference manuals. A special area in the middle of the Operations Center was created for general manager Usher.

Operations Center staff underwent a two-week training program including 20 hours of classroom review of operation plans and problems that could occur. The training also included tours of the actual venues. Final training involved assembly of reference notebooks for each department and site, including names, phone numbers (home, site, and other), and organizational structure, with key staff to contact.

The Operations Center began partial service July 9–13 from hours 0600 to 2000; it began 24-hour operations on the evening of July 13, remaining open until August 12.

A three-part incident form recorded any significant problems reported to the Center. About 1,000 incidents were logged during the full-time operation of the Center. Typical incidents handled included:

- access problems for construction workers at sites where accreditation procedures and secure areas requiring badges had already been instituted
- bomb scares or bomb threats
- electrical outages
- Games staffing payroll problems, especially regarding transportation
- requests for additional technology equipment
- village staff requests for more golf-cart transportation vehicles

Most sites, however, resolved problems on their own, and no major incidents occurred. As a result, Center's main role became communication.

Senior management during games. An executive operations committee met daily during the Games, reviewing problems from the previous day and anticipating future ones. Members included the LAOOC president, general manager, group VPs, and other key managers from selected departments such as security, transportation, news, and Operations Center. Said Ueberroth, "I also brought back about a dozen people who were in reserve with no job, capable of doing something if I said 'Here is the problem. Solve it.'"

Technology. The Los Angeles Olympics used state-of-the-art high technology and systems, featuring a completely integrated communication system. Components included 25,000 circuits, a communications satellite, hundreds of personal computers, three IBM System 38 mainframes, hundreds of sophisticated pocket pagers with message screens, 2,000 interactive (bypassed phone lines) electronic mail and message terminals (EMS), bar-coded laser-read identification and accreditation badges, and computer-designed bus and transit routes, maps, event schedules, and tickets.

WIND DOWN

The XXIIIrd Olympiad gleamed brightly for 16 days and was over. Athletes, officials, and spectators went home exhilarated; much of the rest of the world, which followed the daily action, offered near universal acclaim for the brilliant organization and execution of the 1984 Olympiad; LAOOC staffers, thrilled and proud, went back to the Marina Center for the last act, the dismantling of nearly six years' work.

The final focus concerned demobilizing the venues, disposing of assets, discharging of staff, reconciling financial accounts, and beginning the final report. Real property acquired by the committee during the buildup was sold, much of it at auctions. Finance managers and supervisors prepared the final accounting, which showed a $225 million+ surplus. "We never planned a surplus," Ueberroth remarked. "We planned for reserves against negatives that were never used. Calling out the National Guard would have cost $10 million a day."

Commissioners recommended staff members for bonuses, which were allotted in wake of the superior financial performance of the Games. Committee staffers with over one year's tenure received severance pay, and an outplacement department helped staffers reenter the work force. Farewell parties reaffirmed the special feelings of accomplishment and teamwork. By the end of 1984, the LAOOC staff had dwindled to 75 people.

EXHIBIT 1 Los Angeles Olympic Organizing Committee—LAOOC

REVENUES AND SPONSORS
(in millions)

Broadcast Revenue[a]		Sponsor, Supplier and Licensing Revenue	
1979	40.0	1979	4.0
1980	8.0	1980	9.62
1981	11.01	1981	19.778
1982	32.617	1982	28.724
1983	31.781	1983	28.445
1984	163.356	1984	32.624
Total	286.764		123.191

OFFICIAL SPONSORS[b]
(by contract year)

1979	Coca-Cola	*1981*	Converse
	ABC Television	(cont.)	Fujii
	Anheuser-Busch		Sanyo
1980	Arrowhead Puritas		Sports Illustrated
	Dentsu	*1982*	Times Mirror
	Canon		Motorola
	ABC Radio		M&M Mars
	McDonald's		Transamerica
	Atlantic-Richfield		ARA
	American Express		Westinghouse
	United Airlines		Atari
1981	First Interstate Bank		Warner Communications
	Coca-Cola/Foods Div.		Xerox
	Buick/GMC	*1983*	IBM
	Levi Strauss		Southern Pacific
	Allied Corp.		AT&T
			Pacific Bell

Sponsor Commitments		Supplier Commitments	
Minimum Cash	Minimum In-kind	Minimum Cash	Minimum In-kind
$96,670,600	$35,792,617	$9,288,500	$8,246,512

The Licensees

Sixty-five companies were authorized by the LAOOC to manufacture and sell a variety of souvenir products featuring all LAOOC symbols. Royalties were paid to the LAOOC on the sales of these licensed products. The standard royalty rate was 10% and the LAOOC required that the licensees pay a guaranteed minimum royalty, a portion of which was due at the time of signing.

[a] ABC, $225 million, the rest from 20 other broadest groups.
[b] Thirty-four official sponsors.

EXHIBIT 2 Los Angeles Olympic Organizing Committee—LAOOC

	LAOOC Permanent Staff	HRM Staff
December 1979	11	0
November 1980	19	2
January 1982	45	3
August 1982	90	5
December 1982	147	10
January 1983	390	21
December 1983	575	65
May 1984	1,530	70
July 1984	1,629	70

PERMANENT STAFF BREAKDOWN

Occupational Group	Quantity	Minority	Women
Officers and Managers	455	10%	23
Professionals	682	22%	58
Clerical and Tech	492	35%	76
Totals	1,629	23%	54

GAMES STAFF

	Quantity
Volunteer	32,000
LAOOC paid staff	12,000
Contractor paid personnel	36,000
Total	80,000[a]
[a] Selected by LAOOC	34,000
Supervising	44,000

	Breakdown	
	Quantity	%
Women	34,926	44%
Minority	10,517	13

EXHIBIT 3 Games Staff Training and Orientation[a,b]

AN ORIENTATION SESSION AGENDA

I. Welcome
    A. Purpose of orientation
    B. Introduction
II. Overview
    A. Today's schedule
    B. Description of materials packet
        1. Staff Handbook (all policies and procedures)
        2. Pocket Guide
        3. Quiz (do at home)
III. Film: "Play a Part in History"
IV. The LAOOC
    A. Operating philosophy
    B. Organization, funding
    C. Community benefits
V. Sport-specific info
VI. LAOOC Policies and procedures
    A. Uniform
    B. Accreditation and badges
    C. Food service/box lunches
    D. Parking
    E. Press
    F. Security
    G. Medical services
VII. Olympian speaker
VIII. Film: "Ode to Joy"
IX. Instruction for group assembly
X. Break-up for group/dept. session

[a] Training, where possible at seminar.
[b] Cal. requirement for payment while training, if mandatory.