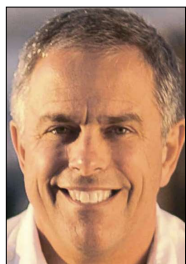


by Jeffrey Thinnés

FIFA's next critical steps will define its future

- » The new FIFA president must work to ensure that reforms have real teeth and are driven down to the national football association level.
- » Expect resistance to the changes from those who were comfortable with “business as usual” before the shakeup.
- » The long tenure of the two former presidents allowed corruption to escalate and fester.
- » Sponsors should demand the creation of an Integrity Committee that ensures the changes are actually implemented and that further steps are taken to remove the toxic waste found in all corners of FIFA.
- » Clear rules and processes are needed to govern all tournament aspects, including bidding, site selection, infrastructure construction, media and marketing, event management, and post-tournament audit and performance assessment.

The election of Gianni Infantino to succeed Sepp Blatter as FIFA president, and the passage of reform measures by FIFA's Extraordinary Congress, are good steps forward for FIFA. But let's not kid ourselves—these moves only mark the start of the hard



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work required to drive real change through global football's network. Lasting transformation demands that FIFA's major corporate sponsors, together with representatives from players and fans, leverage their influence to ensure today's reforms have real teeth and are driven down to the national football association level.

All five presidential candidates were from within the FIFA bureaucracy. They were competing for votes from the heads of the 209 national football associations. That is the very same body of people—absent a few who are now in jail or under indictment—who just last year re-elected the since ousted Sepp Blatter to a fifth term. The vast majority of them were comfortable under the old system.

And they are happy to be left alone. Expect resistance to the changes that must now come their way.

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History

Since 1974, FIFA had only two presidents: Joao Havelange and Sepp Blatter, who succeeded Havelange in 1998. Both bought allegiance and power by doling out tens of millions in development funds and bribes, raised mostly from sponsors and media sales. This allowed a culture of corruption to fester within FIFA, because the beneficiaries of these funds learned to look away as long as the tap remained open. They were willing to ignore FIFA's flawed governance, lack of transparency

and diversity, and public signs of corruption, in order to preserve the valuable exposure they received from their affiliation with the world's most popular sport.

FIFA's 2014 financial report shows it made \$2.4 billion in TV rights fees, \$1.6 billion in sponsorships, and \$527 million in ticket sales. With the U.S.

Department of Justice, Swiss, and other investigations calling public attention to FIFA's house of corruption, the sponsors (whose fees account for 30% of FIFA's revenues) were forced to speak up and demand integrity.

In December 2015, five major sponsors (Adidas, McDonald's, Coca-Cola, Visa, and Anheuser-Busch) sent a letter demanding independent oversight of reforms.

Future recommendations

Gianni Infantino was elected as president to replace the fallen Sepp Blatter, and a basic reform package was approved in February of this year. However, it only took a few months for Mr. Infantino to show the risk of selecting a horse from the same toxic stable, and then expecting the organization to really change. In May he announced that that he was stripping the committees responsible for ethics and compliance oversight of the independence needed to function effectively. This led to the immediate resignation of Dominico Scala who chaired the Audit and Compliance committee.

This abuse of power emphasizes once more the need for sponsors and other key stakeholders to keep up the pressure for deep and lasting reform at FIFA. It won't come without reining in the power of FIFA insiders. Any meaningful reform must include

the creation of an Integrity Committee that ensures reforms are actually implemented and that further steps are taken to remove the hazardous waste found in all corners of FIFA.

Here is one such model for an Integrity Committee: In addition to sponsor representatives, a FIFA Integrity Committee

should consist of a player and an official from each regional football confederation who are elected in a transparent process by their respective member national football associations. The membership of

the Integrity Committee should reflect a serious commitment to diversity. And while including FIFA's newly elected president, as well as its general counsel, chief financial officer, and eventual successor to Mr. Scala, the committee should be led by FIFA outsiders who are respected for their forward-looking leadership and integrity, people like:

1. Dick Pound (Canadian), former vice president of the IOC and co-founder of the World Anti-Doping Association
2. Mary Robinson (Irish), former president of Ireland and current chair of the Institute for Human Rights and Business
3. Kofi Annan (Ghanaian), former UN General Secretary
4. Ellen Johnson Sirleaf (Liberian), president of Liberia and former Nobel Peace Prize winner
5. Melinda Gates (American), co-founder of the Bill and Melinda Gates Foundation
6. Margaret Chan (Chilean), director general of the World Health Organization
7. Maureen Wheeler (Australian), co-founder of the Planet Wheeler Foundation

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8. Kailash Satyarthi (Indian), children's rights advocate and Nobel Peace Prize winner
9. Muhtar Kent (American), CEO of The Coca-Cola Company, a major FIFA sponsor
10. Herbert Hainer (Germany), CEO of Adidas, also a FIFA sponsor

Mr. Kent and Mr. Hainer, CEOs of two of FIFA's top sponsors, should insist that FIFA go beyond the creation of an independent Audit and Compliance Committee and set up a fully-funded Office of Ethics and Compliance, similar to that found within their own companies, and hire an experienced chief ethics and compliance officer.

A FIFA Office of Ethics and Compliance should be well staffed and resourced, so that it can set and enforce minimum standards for transparency, governance, and accountability. Its scope of responsibility should include certifying that within FIFA headquarters, the regional confederations, and national football associations, serious, independent ethics and compliance programs are instituted that meet or exceed minimum standards considered best practice for global companies. The office should also be empowered to conduct audits and set and continuously certify adherence to mandatory professional qualifications—including for integrity—for all officials with fiduciary responsibilities.

Billions in taxpayer money are lost to fraud, waste, and corruption when host countries prepare for major football events, the most recent example being the “white elephant” stadiums built for the last two World Cups, which now sit largely unused. Therefore, rather than leaving the organization of FIFA tournaments to the traditionally secretive FIFA Executive Committee or its now successor FIFA Council, a Tournaments Committee with significant representation from FIFA outsiders should also be established. This would ensure that clear rules and processes

are designed to govern all tournament aspects, including bidding, site selection, infrastructure construction, media and marketing, event management, and post-tournament audit and performance assessment.

The Tournament Committee should require “integrity pacts” that commit companies to compete cleanly for business related to major FIFA events. To participate in bidding, companies must agree to allow their books and records to be audited independently throughout the commercial relationship, possibly managed by an organization like Transparency International. Any entity that attempted to bribe or otherwise engage in corrupt activity would be severely penalized—and potentially even debarred from doing business with FIFA for a number of years. Conversely, companies that demonstrate they met the highest ethics and compliance standards could become preferred FIFA partners.

Putting it into practice

All of these recommendations are variations on best practices put into place by well-run corporations, including those now providing much of the sponsorship money that keeps FIFA running. These sponsors and the major media companies that work with FIFA have the right—and responsibility—to demand transparency and accountability from the organizations to which they have tethered their own reputations.

As Mr. Infantino said in his opening speech in February, the key challenge is to bring football back to FIFA and FIFA back to football. Replacing Mr. Blatter and passing the reform package was an important step in the right direction, but the path from paper to practice is long. Without additional outside leadership, it will not succeed. *

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