

Establishing your network

How involving your company in mega events can impact your business **Interviewed by Meredyth McKenzie**

If Chicago earns the nod on Oct. 2 to host the 2016 Summer Olympics, businesses will have great opportunities to get involved in the event.

Organizing an event as large as the Olympics creates the need for a network, which provides companies with opportunities that include developing long-term relationships and gaining media exposure.

“Becoming part of a mega event network gives you a competitive edge against other organizations in your industry,” says Christine Mooney, assistant professor of management in the Department of Management at Northern Illinois University. “You are associated with that network and have access to other organizations and their resources.”

Smart Business spoke with Mooney about the opportunities and risks of joining a mega event network.

What is a mega event, and how do they function?

A mega event is any large, international cultural event that requires lots of resources and has a huge impact on the community. The Olympics is clearly one, but other events are the Indianapolis 500 and FIFA World Cup.

There are six characteristics that differentiate mega events. The first is how often the event happens. Some events happen every year, while some only happen once. The second is the location — is it the same each year, or does it change? The third is the governance structure. All mega events have an organizing body, which sets rules and exerts varying levels of control. In a typical network, organizations deal with one another, but in a mega event, you have one organization in charge.

The type and amount of media coverage is also a factor, along with how connected organizations are within the network. Do you have direct contact with other organizations or contact only through the organizing body?

You need to understand what value the network will bring your organization before joining. You have to understand the organizing committee, who’s involved and what the rules of membership are.

What opportunities does a mega event network present to businesses?

Participating firms can fill a huge need for resources, organization, knowledge



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and work in a short period of time. You also have access to other organizations’ resources and can become connected to other organizations and continue business with them in the future.

In addition, you can learn the established routines and processes from the organizing body and how it creates a large event in a short period of time. You can also gain complementary resources. For example, if you have superior marketing but not technology, you can link with companies with superior technology and create a partnership.

What are the risks of joining a network?

One is the sharing of resources. You get access to other resources, but you also need to share yours. You have to make sure your ideas will be protected during the sharing process. You may risk giving up some of your competitive assets because of the power discrepancy between firms and the governing organization associated with the governance structure.

There are also risks with the relationships. If another company produces shoddy products or there’s some controversy in the event, you’re associated with that. Media attention is another big risk. For an event like the Olympics, which is covered extensively,

any mistake you make will be huge.

But media coverage can also be a protection because it increases the likelihood of effective governance structures. The International Olympic Committee won’t want to mess up because it could impact future Olympics.

What does a company need to consider before joining a network?

Joining a network isn’t valuable for every organization, so you need to understand the network, the risks and the possibilities. You need to understand the connectivity and how the relationships work. The more direct connections you have, the more you will get out of the network.

Dedicate resources to building trust so those relationships will continue after the event. You can’t assume they will continue just because you worked together.

Understand membership rules. How many resources will you be expected to share? How will membership in the network be enforced? Will the network police unofficial event sponsors, or will your company need to do this yourself?

You also have to understand the network’s future benefits. It’s easy to get involved in a mega event and see benefits immediately, but what will the future benefits be? Is there future value to building relationships with other organizations? Then you must assess the costs of membership now and whether the benefits outweigh the costs. Finally, you have to manage the relationships, establish trust and stay connected in order to realize those future benefits.

How do you measure the success of joining a network?

Typically you measure success by profits, but tying future profits to network relationships is difficult at best. Some direct outcomes could be future contracts, publicity that brings in profits or increased legitimacy. It’s difficult to measure.

You need to determine the immediate and future costs, risks and benefits you will see from joining the network. The more you can identify and quantify specific items, the better you can measure success. <<

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