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Nigel Parry / CPI for Newsweek

Sink or Swim

The U.S. now runs its Olympic program on a venture-capital model, funneling money to likely medal winners, and leaving the rest to pay their own way

If Phelps can top Mark Spitz's record of seven gold medals, he'll receive a million-dollar bonus from one sponsor alone

By Adam Piore
Newsweek International

Aug. 16 issue - The U.S. water-polo team was tired of losing. So team executive director Bruce Wigo came up with a plan that didn't require a Speedo or any underwater rough stuff. He called up United States Olympic Committee executives and told them to hire the best coach in the world. It was a stretch—at the time, the team didn't even have enough funding to hire a full-time coach. But it was just the kind of pitch USOC executives had been looking for. They lured Romanian Radko Rudic away from Italy to the United States.

The USOC agreed to pay half his salary, while water-polo supporters raised the rest privately. In the past four years

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Rudic has led the U.S. national team to upsets over top-ranked Hungary and Serbia-Montenegro, placing it in the medal hunt this year.

Rudic's hiring in 2000 was among the first moves in a virtual reinvention of the way the United States trains, recruits and rewards

its best athletes and teams. Content for years to divvy up its money and leave spending decisions to individual sports committees, U.S. Olympic Committee executives have begun writing their budgets with an eye toward the bottom line: winning. Just as business executives pitch their plans with PowerPoint presentations and cost-benefit analysis, Olympic coaches in the United States now must present specific plans detailing how they plan to use the money to increase their chances of bringing home gold. "Our programs have become venture-capitalist," says Steve Roush, managing director of sports performance for the U.S. Olympic Committee. "We've gone away from just writing a check for the sport. Now we invest in specific programs. It's an investment in

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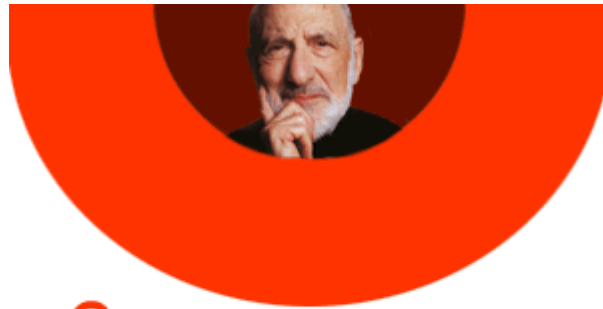
Germany revamped the way it picks and rewards its team after a slim gold haul in Sydney

• Winners Beyond the Big Powers

From the Czech Republic to Brazil, winners are more and more likely to hail from beyond the big powers

• NEWSWEEK'S OLYMPIC SPECIAL SECTION

the USOC's budget has soared from \$125 million to \$480 million for the period leading up to the Games. Most of that money comes from corporate sponsors. How all of this money filters down to the individual athlete varies from sport to sport, depending on its past performance and the strength of its medal plan.



Q. The opposite of acute is:

- Severe
- Incisive
- Dull

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It's a natural shift, given the source of funds. Alone among the big sports powers, U.S. Olympic teams receive no direct government subsidies. Increasingly, it is corporate sponsors who invest in U.S. Olympic glory, and they want a bang for their buck. Since 1984, when the L.A. Games proved that the Olympics could make a profit,



Chris

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After the U.S. water-polo team had its success, U.S. swimming pitched a plan to reward winning athletes with financial bonuses. The bonuses range from \$10,000 to \$50,000 per victory in a world-class competition—with extra money for a world record. That's big money to people like Aaron Peirsol, a swimmer at the University of Texas, who won an Olympic silver medal in the 200-meter backstroke in Sydney.

But it's small change for one of America's most-hyped Olympians, Michael Phelps, 18. On a recent day the celebrated Olympic swimmer was off the coast of Miami hamming it up for the crowd as he filmed a Visa commercial that's likely to contribute only a small drop in what's likely to amount to far more advertising money than most athletes will ever see. "Hey, there's a baby shark down here!" Phelps yelled at a nearby camera crew. "Hold on, hold on! Sorry. Thought I had a booger. Don't want that in the commercial." Phelps is hoping to win eight gold medals in Athens—a feat that would surpass by one the seven medals Mark Spitz won in 1972. He has lined up sponsorship deals with Visa; Argent, a California-based mortgage company, and AT&T, which are all sponsors of the U.S. swim team, too.

Though his team counts five other world-record holders, including the flashy blond sprinter Gary Hall, none of them has multiple incentives quite like Phelps's. He already gets free sneakers from Vans, and has deals with PowerBar and, of course, Speedo. Should Phelps bomb in Athens, he'll likely disappear. Should he win big, the money will continue to roll in. Speedo has promised Phelps a \$1 million bonus if he exceeds the Spitz medal count.

Of course, Phelps is nothing if not the product of his training. And USOC money is bolstering training across the board. The U.S. women's soccer team now pays for residency in training camp, and bonuses for athletes who win gold medals. Individual circumstance, when coupled with talent, is also taken into account. Joy Fawcett, 35, the oldest member of the women's soccer team, once breast-fed her child in the locker room during halftime. Now she gets a small stipend for child care. Other female Olympians have gotten a \$3,000 stipend to help defray training expenses at Harvard and provide support for —travel and coaches and accommodations and an insurance program, says Josh Swartz, an agent to Olympic athletes at SFX Sports Marketing in New York City. The support package varies not only from sport to sport, says Swartz, but from athlete to athlete, depending on circumstances.

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to accommodate training and competitions. Home Depot hires athletes to work a 20-hour week for a 40-hour salary, with flexible leaves of absence for training and competitions. The USOC takes care of all processing (rankings, applications and requests). Since 1992, the company has hired 392 top-ranked athletes. There are 159 on staff now, with more expected.

That means that for everyone who is not tagged as a likely medalist, making it to the Games is increasingly costly. Joy Schwikert and her husband financed their daughters' gymnastics careers by dealing the dice at Caesar's Palace in Las Vegas. Tasha, 19, is a two-time national champion, and an alternate on the team in Athens. "We've had to pay for everything," says Schwikert. "Anything Tasha does internationally or in the United States, the national team picks up. But anything she does on a private team, I have to foot the bill for. If I'm on the West Coast and the nationals are on the East Coast, I have to pay for four or five round-trip tickets for the coaches, for a rental car and hotel bills."

The system is likely to get increasingly selective, and not only in the United States. Russia and China have long been funneling money to sports that offer multiple medal opportunities, like diving, gymnastics, track and field and swimming. Indeed, says Roush, the United States is a latecomer to this trend: up until 2000, the USOC was still dividing up its funds equally among 45 different sports federations for use as they saw fit. Now, however, society is increasingly oriented toward winning, not just participating, and so are the Olympic programs, says German expert Helmut Digel. "That is very unfair to the athletes," he notes, since a seventh place among 200 nations today is a tougher achievement than second place among far fewer nations 40 years ago. "But that's the way it is." The bigger the Games, the tougher the competition.

With Jon Boroshok, Devin Gordon and Stefan Theil

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