Mini**Case 1 Michael Phelps: The Role of Strategy in Olympics and Business**

**DISCUSSION QUESTIONS**

1. **Olympians generally do not turn into global phenomena. One reason is that they only are highlighted every four years; e.g., not too many people follow competitive swimming or downhill skiing (think Lindsey Vonn) outside the Olympics. How did Michael Phelps turn into a “global brand”?**

*Michael Phelps’ (MP) performance in the pool led to an unprecedented eight Olympic gold medals and seven new world records at the 2008 Beijing Olympics.*

*Meanwhile, Carlisle, Phelps’ manager, had been building up MP’s exposure on the global market gradually, focusing particularly on Asia (preparatory to the Beijing games) and the virtual world. For example, MP’s Facebook page, which he posted on and maintained himself, had 7.6 million “phans” (now more than 9 million). He also became a favorite presence on Twitter and YouTube. The combination of performance and marketing turned him into a global brand.*

*Phelps continued his record-breaking achievements with six more medals at the 2012 London Olympics. He added six more medals at the Rio de Janeiro games in 2016, cementing his position as one of the greatest athletes of all time, ensuring that his brand would not fade for lack of performance.*

1. **What role did strategy play in Phelps achieving success in and out of the pool? What general lessons can be learned?**

*Phelps and his team set a goal of making him a global brand. He began with a valuable asset, his rather unique physique—a long thin torso, which reduces drag; an arm span of 6 feet 7 inches (204 cm), which is disproportionate to his 6-foot-4-inch (193 cm) height; relatively short legs for a person of his height; and his size-14 feet that work like flippers due to hypermobile ankles. This asset served as the basis for a strategy. He trained under his coach’s direction, so that he could maximize his performance in the Olympic games. Meanwhile, his manager developed and implemented a marketing plan, focused on social media, positioning MP as a clean-cut, healthy living, super-athlete. The first phase of this strategy was implemented successfully when MP won a record-breaking haul of gold medals. The marketing plan then had credibility and a global brand was established.*

*This is a straightforward example of a successful strategy. Begin with a valuable asset and use it as the cornerstone of a strategy to achieve a well-defined goal. Then ensure that the strategy is being implemented as designed.*

1. **Which approach to the strategy process did Michael Phelps, his coach, and manager use? Why was this approach successful?**

*Phelps, his coach and his manager appear to have used the top-down strategic management process. The three first established a single goal: for MP to win a gold medal in each of his events during the 2008 Beijing Olympics. They formulated a strategy to reach this goal and then implemented it. There is no evidence that they planned for different scenarios, or that they anticipated the possibility of new elements of the strategy emerging (planned emergence.) The approach was successful because while ambitious, the goal was feasible, given MP’s remarkable physical talents. The strategy was well crafted and in the end, executed as planned. The record number of medals achieved and a marketing plan that helped build MP into a global brand proved the success of the strategy.*

1. **Phelps was embroiled in a number of controversies outside the pool. What impact did these shortcomings have on his brand value? What do these incidents tell you about maintaining and increasing brand value over time?**

*The incidents tarnished Phelps’ reputation as an athlete who followed a healthy lifestyle. It could potentially have had a major negative impact on his sponsors. One of them, Kellogg’s, dropped him when the images of him using a bong came to light. Recreational drug use was inconsistent with their image as a family brand. However, the strength of Phelps’ brand proved remarkably resilient, as his other sponsors, such as Subway, Louis Vuitton, and Visa (to name a few) stayed with him despite two subsequent DUI incidents. MP’s image as an overall “nice guy” appears to give him a Teflon coating.*

*(It should be noted here that if MP’s positive image had not been as strong as it was to begin with, the fallout from these incidents could have been more severe. Other star athletes, such as Tiger Woods (marital infidelity), Lance Armstrong (performance-enhancing drugs), and Michael Vick (dogfighting), saw many, if not all, of their lucrative sponsorships melt away when their “scandals” became public.)*

*After he announced his retirement following the Rio Olympics, MP added another facet to his image. He is now a proud family man, with a photogenic wife and son, who feature in his social media postings. And, yes, “niceness” is still a big part of his image.*

1. **What does Michael Phelps need to do if he wants to play a similar transformative role in the marketing and sponsoring of swimming as Michael Jordan achieved in basketball?**

*Michael Jordan partnered with Nike in 1985 to endorse Air Jordan basketball shoes. This was a natural fit: basketball shoes endorsed by one of the greatest basketball players. By 1988, the Jumpman logo had replaced the Nike swoosh on Air Jordans. The Jumpman logo now adorns a variety of footwear and athletic clothing. It remains one of the most popular brands of basketball shoe, even as it has branched into other sports, such as football. Jordan earns $110 million a year from the Jumpman brand.*

*Phelps has partnered with Aqua Sphere to launch his own line of swimwear. This is consistent with branding something close to his professional accomplishments. Winning six gold medals at the Rio Olympics, while wearing his MP design swimwear created instant credibility for the brand. However, the market for swimwear is not as big as the market for shoes and established brands such as Speedo, Arena, and TYR are not likely to give up their market shares without a fight. So emulating the scale of Jordan’s success will be challenging.*

Additional resources:

# Baker**,** Liana. 2015. **“**Phelps Challenges Former Sponsor Speedo with New Brand.” *Reuters,* December 22, 2015. http://www.reuters.com/article/us-swimming-phelps-sponsor/phelps-challenges-former-sponsor-speedo-with-new-brand-idUSKBN0U52EA20151223.

# Phelps, Robert. 2014. “Will Bad Boy Michael Phelps Lose His Lucrative Brand Sponsors?” *Adweek,* October 6, 2014. <http://www.adweek.com/brand-marketing/will-bad-boy-michael-phelps-lose-his-lucrative-brand-sponsors-160591/>.

# Badenhausen, Kurt. 2017. “Michael Jordan Leads the NBA’s Biggest Shoe Deals at $110 Million this Year.” *Forbes,* June 9, 2017.https://www.forbes.com/sites/kurtbadenhausen/2017/06/09/the-nbas-biggest-shoe-deals/#244643d21520.