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Innovation, Sustainability and Management in Motorsports

The Case of Formula E

Hans Erik Næss
Anne Tjønndal

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“There’s probably no better sport than Formula E to present and study the science and practice of innovation within (motor)sport, and this book is a must read for those active within this fascinating area.”

—Dr. Kristof de Mey, *Sports Technology, Innovation & Business Developer at Ghent University*

Hans Erik Næss • Anne Tjønndal

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CHAPTER 1

The Case of Formula E

Abstract Calls for research and practices with regard to sport management innovation are plenty. In this chapter we introduce why the electric racing world championship Formula E can be a relevant case study for a model of sport management innovation. Besides introducing our fivefold perspective on innovation (organizational, technological, commercial, social and community-based), the basics of Formula E and our approach to theoretical modelling, the chapter explains how the rest of the book is structured.

Keywords Sustainability • Case study • Automotive industry • Sport sociology

INTRODUCTION

Research on the links between sport and innovation is dominated by entrepreneurship, business, marketing and management perspectives (Kosmynin & Ljunggren, 2021; Ratten, 2021). This is perhaps not very surprising, given that innovation as a scholarly field is considered by many to originate from the work of economist Joseph Schumpeter (1883–1950) (Fagerberg, 2005). Schumpeter defined innovation as a new commodity: a better quality product that involved new methods of production, new markets, new materials and new ways of organizing production (Schumpeter, 1983). Hence, for Schumpeter, innovation was closely tied to business, markets and competitive advantage that would bring financial

gain. In other words, according to Schumpeter's understanding of innovation, it is crucial that any new idea, process or product should be commercialized and introduced to a market. The term 'innovation' has been further developed and transformed since Schumpeter's early conceptualizations. Now, it is an analytical concept that is linked to a wide range of different academic fields, including sociology, political science, organization and leadership studies, welfare and public sector services.

This diversification of theoretical perspectives on innovation has also reached the academic world of sport science. As suggested by Tjønnal's (2017) early literature review, there are at least five identifiable forms of sport innovation: (1) social, (2) technological, (3) commercial, (4) community-based and (5) organizational. We will return to each of these forms in the upcoming chapters in this book. What makes sport a particularly interesting research area for innovation is that sport organizations need to be continuously renewed in order to keep up with societal changes and at the same time respect tradition. For instance, the International Olympic Committee's (IOC) work to make the Olympic Games more youth oriented by including new Olympic disciplines such as sport climbing in Tokyo 2021, or the trial run for eSports in Paris 2024, are two examples of how sport organizations adapt to changes in society. In this case, changing trends in what types of sports that are popular among youth. However, in sport organizations, 'glory days' and commercial innovations are in many respects each other's adversaries, and here motorsport is no exception (Næss, 2014). In other words, just as with public sector and corporate businesses, in sport organizations there are both barriers and drivers for innovation.

From an innovation perspective, however, tradition and commercialization can in some cases be considered as allies. This perspective has been explored in the context of the World Rally Championship (Næss, 2014, 2017; Næss & Tickell, 2019), but recently another motorsport championship has entered centre stage which may serve as an ever better example of this claim: Formula E (FE)—an all-electric single-seater racing series (Fig. 1.1) resembling Formula 1 in appearance, flair and technological advancement, but with a clear sustainability message.



Fig. 1.1 Sébastien Buemi (23), Alexander Sims (27) and Lucas Di Grassi (66) during the 2019 ABB FIA Formula E Championship in New York City. (Photo: Andrew Henkelmann/Wikipedia, reprinted using Creative Commons license CC BY-SA 4.0)

Hailed in 2018 and 2019 by *Medium* and *TIME Magazine* as driving *electric mobility innovation*,¹ corporations like ABB and government officials in both old and emerging states have been flocking to the championship since it started in 2014. The business magazine *Management Today* cheered for the championship that showed it was *money in sustainable innovation*² at a time when Formula 1 was accused of ‘greenwashing’ (Miller, 2016). Recently, sponsors have thrown caution to the wind, moved from F1 to Formula E and lined up as the ‘greenfluencing’ opportunities have become solid (Næss, 2020). In academia, Skinner et al. (2018), who under the heading *The Future Impact of Culture on Innovation in Sport Enterprises* emphasized that Formula E

is perhaps part of not only the future of sport but also the world. An electric car series represents the defining spirit or mood of this period of history, as shown by the ideas and beliefs of this period, while giving an industry synonymous with environmental waste a chance to attract a different audience. (Skinner et al., 2018, p. 265)

In its current state, Formula E has two aces up its sleeve. Having exclusive rights from Fédération Internationale de l'Automobile (FIA) to stage an electric world championship until 2039—with no electric Formula 1 for a while—and the credential achieved in 2019 of being the only racing championship in the world to receive ISO20121 certification (one of the world's strictest certifications of sustainable events). With an increasingly global reach (see Table 1.1), Formula E thus has a competitive advantage over other motorsports that makes further exploration of this phenomenon relevant.

However, like many other radical innovations in sport, the introduction of Formula E has been met with a mixture of enthusiasm and resistance. To understand what the Formula E has done right (and wrong) in terms of exploiting the alliance between tradition and innovation, we argue that one key lies in management innovation (Birkinshaw et al., 2008; Birkinshaw

Table 1.1 Season and races Formula 2014/2015–2019/2020

<i>Season</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
Years	2014–2015	2015–2016	2016–2017	2017–2018	2018–2019	2019–2020
Race 1	Beijing	Beijing	Hong Kong	Hong Kong	Ad Diriyah	Ad Diriyah
Race 2	Putrajaya	Putrajaya	Marrakesh	Hong Kong	Marrakesh	Ad Diriyah
Race 3	Punta del Este	Punta del Este	Buenos Aires	Marrakesh	Santiago	Santiago
Race 4	Buenos Aires	Buenos Aires	Mexico City	Santiago	Mexico City	Mexico City
Race 5	Miami	Mexico City	Monte Carlo	Mexico City	Hong Kong	Marrakesh
Race 6	Long beach	Long beach	Berlin	Rome	Rome	<i>Sanya</i> ^a
Race 7	Monte Carlo	Paris	Berlin	Paris	Paris	<i>Rome</i> ^a
Race 8	Berlin	Berlin	Berlin	Paris	Paris	<i>Paris</i> ^a
Race 9	Moscow	London	New York	Berlin	Monte Carlo	<i>Jakarta</i> ^a
Race 10	London	London	New York	Zürich	Berlin	<i>New York</i> ^a
Race 11	London		Montreal	New York	Bern	<i>London</i> ^a
Race 12			Montreal	New York	New York	Berlin
Race 13					New York	Berlin
Race 14						Berlin

^aCancelled due to the COVID-19 pandemic. The replacement races in Berlin were run in August 2020

& Mol, 2006; Damanpour, 2014). In contrast to much research on sport and innovation, it is here defined as ‘*a marked departure from traditional management principles, processes, and practices or a departure from customary organizational forms that significantly alters the way the work of management is performed*’ (Hamel, 2006, p. 3). If successful, Hamel argues, a management innovation creates a long-lasting advantage when it fulfils one or more of three conditions. First, is the innovation based on a novel principle that challenges management orthodoxy? Second, is it systemic, encompassing a range of processes and methods? Third, is it part of an ongoing invention programme, where progress compounds over time? Behind these changes lies a foundational principle: committing to a bigger problem (Hamel, 2006). Whether these criteria are fulfilled can be analysed through an examination of the key stages of management innovation:

The key central phase, invention, is preceded by a combination of dissatisfaction with the status quo (inside the company) and inspiration from others (typically outside the company). Invention is then followed by a process of validation both inside and outside the company. (Birkinshaw & Mol, 2006, p. 85)

Consequently, in the forthcoming chapters we will explore how the story of Formula E from start-up to major business exemplifies the significance of management innovation as a way to facilitate five other forms of innovation in sport: organizational, technological, commercial, social and community-based. Based on data from a variety of multiple secondary sources (sustainability reports from Formula and its stakeholders, media data in English and French, podcasts and newspaper articles, partner publications, social media outputs etc.), we present a model of sport management innovation that aims to describe the relevant conditions for managerially enhancing a sports organization’s commercial product.

THE ENTRY OF FORMULA E INTO THE WORLD OF MOTORSPORTS

The idea of an all-electric racing championship is not alien to car manufacturers. In 1899 Belgian driver and engineer Camille Jenatzy drove flat out in his torpedo-shaped ‘La Jamais Contente’ (‘never satisfied’) in a sparsely populated area to the northwest of Paris and became the first person to reach more than 100 km/h in a car. As a publicity stunt it created a place

for Jenatzy in the growing demand for automobile transportation, even though the electric technology that put him in the books in the first place failed to dominate the car industry in the twentieth century. Three years later, the record was broken by a steam car and shortly after that was arguably demolished by an internal combustion engine-powered car recording 120.83 km/h. Despite Jenatzy earning the nickname of ‘the Red Devil’, due to his racing driver style being ‘characterized by demoniacal fury and stark determination’,³ his efforts to electrify motorsports would soon turn out to be in vain.

The reasons for the disappearance of the electric car were political, technological and cultural. Henry Ford and Thomas Edison teamed up for an electric car project in 1913–1914, but due to technological shortcomings and business disagreements Ford abandoned the project, and Edison’s electricity campaign lost a major ally.⁴ Thanks to successful lobbying from oil companies to transform societies by means of petrol-driven cars (Dennis & Urry, 2009) and an infrastructure that was adapted to the use of cars for leisure purposes (Schipper, 2008), the development and expansion of motorsport followed. The European car industry cashed in on the development by establishing Association Internationale des Automobile Clubs Reconnus (AIACR) in 1904, which from 1945 became the Fédération Internationale de l’Automobile (FIA) and established itself as the global governing body of motorsport and automobility. When Formula 1 launched its first world championship in 1950, and FIA’s World Rally Championship (WRC) followed in 1973, car manufacturers and engineers relied on petrol-powered ingenuity for wins and brand exposure. Formula 1 has now become the epitome of racing and a commercial giant (Stuart, 2018; Sturm, 2014). In 2019, the participating teams spent a total of US\$2.6 billion on their efforts to win the championship (Sylv, 2018).

In the meantime, Formula E appeared in the world of motorsport with its first-ever race in Beijing, China, in 2014. Founded in 2011 by the Spanish duo Enrique Banuelos and Alejandro Agag, a billionaire businessman and former Member of the European Parliament and motorsport entrepreneur, respectively, this was an all-electric championship that in 12–14 venues around the world showcased a combination of sustainability claims, entrepreneurial spirit and commercial savviness that were unique to racing. All the teams used cars that were aerodynamically similar but had minor technological differences, and were transported around the world by Formula E’s logistical partner DHL. The timing of Formula E as

a new sustainable motorsport proved to be perfect, especially as the car world was reeling from the Volkswagen (VW) emissions scandal (also known as ‘Dieselgate’ or ‘Emissionsgate’) in 2015. Then it became known that VW had intentionally programmed turbocharged direct injection (TDI) diesel engines to only activate their emission controls during laboratory emissions testing. This caused the vehicles’ nitrogen oxides (NO_x) output to meet air pollution standards during regulatory testing, but emit up to 40 times more NO_x in real-world driving.

After its success in its opening race in Beijing in 2014, Formula E (FE) went on to publish the book *The eStory: Undertaking the Mobility Challenge* in 2015. A confessional tale penned by DHL’s sustainability director (FE’s logistics partner) and business school lecturer Manoella Wilbaut, it specifies the values and mission of Formula E. The book’s subtitle is *Sustainable Development fueled by Innovation*, with the content divided into three sections (Wilibaut, 2015). The first section is about thinking differently about consumer adaptations and caters to the values of Generation Y, rather than emulating the grandstand culture of Formula 1 or the working class atmosphere of the WRC (Bradley, 2017; Næss, 2014; Næss & Tickell, 2019). The second part concerns technological progress and explains electric mobility solutions that can ramify the automotive industry and urban transportation in depth. The third section covers innovation for sustainable development, where Wilbaut draws on Joseph Schumpeter’s (1983) view of innovation as ‘making ideas work technically and commercially’ (2015, p. 77), as well as on established theoretical innovation categorizations such as ‘radical’ and ‘incremental’ innovations (Fagerberg, 2005). As we will demonstrate in the upcoming chapters, all three forms of innovation can be said to characterize the championship’s development.

Despite these achievements, Formula E has struggled to convince people of its brand proposition. On the one hand, there is the devil within. Over the years car manufacturers have accumulated vast amounts of know-how on electric cars. The championship may therefore become a hindrance in terms of innovative solutions, unless the rulebook keeps track of what is in it for BMW, Jaguar and Porsche, to name but a few. For example, the latter’s Taycan model, its first full-electric car, has a peak charging capacity of 270 kW, one the fastest electric vehicles (EVs) currently sold. However, all 2020 Formula E cars charge at a peak rate of 100 kW. Die-hard motorsport fans, moreover, have mocked the racetracks, which were purpose-built in city areas, and the cars, which were nicknamed ‘hairdryers’ due to the lack of classic racing sounds. Others have ridiculed the fact that drivers

in the early seasons had to change cars during the race because the batteries did not last very long and moaned about the lack of performance. Especially heated was the debate about ‘Fanboost’ (an e-voting service providing your favourite driver with extra power in the race; see Chap. 5).

On the other hand, some critics dismiss Formula E as the all-singing, all-dancing solution. In *Les sports mécaniques, une arme de destruction massive*, French author Paul Ariès (2018) claims that motorsport is a ‘weapon of mass destruction’ that causes thousands of deaths through accidents and pollution, and that Formula E is not changing that one bit. Criticizing how motorsport is aided by powerful political allies such as the former French prime minister, François Fillon, who is currently FIA’s Manufacturer Commission President, Ariès lashes out to French politicians who see Formula E as a saviour, nicknaming it ‘chère à la Maire de Paris’ (‘the Mayor of Paris’s pet’), and concludes that electric cars are simply the last great myth before the ecological disaster hits us all. While Ariès’ book is somewhat hyperbolic, the critique towards Formula E for being hypocritical in its sustainability vision—as the electric teams consist of manufacturers with more than 90 per cent of fossil-fuelled vehicles—is unlikely to go away. Despite Formula E achieving net zero carbon status in 2020, as only one of three companies in the world apart from Google and Microsoft, there is something paradoxical, and almost comical, about electric cars being branded as sustainable motorsport when they are shipped and air transported around the world for sporting events.

THE POSITIONING OF THIS STUDY

Whatever one may think of Formula E’s credibility in terms of sustainability challenges there is nevertheless something fascinating about its path from Agag’s description of it as an ‘idea on a napkin’ (cited from Kingham, 2016) in 2011, to being granted world champion status by FIA in 2020 and a global popular culture phenomenon. In 2014 Agag said: ‘We began as a start-up with lots of ideas and a bit of money because it was always a project with a large dimension and large vision. We did everything that we needed to do in order to attract large sponsors.’⁵ Seven years later, the company list shareholders such as the Swiss private banking group Julius Baer, Discovery Communications and NewWave (the parent of Weibo, China’s answer to Twitter), as well as corporate media giant Liberty Global, which has a 23.9 per cent stake and is also the major shareholder in Formula 1. Although it could be claimed that financial boosts along the

way from new investors have saved Formula E, its success is also due to its organizational adaptivity and partnership strategy.

Of late, the number of research outputs investigating Formula E has therefore rapidly increased. These roughly divide into media explorations (Robeers, 2019; Robeers & Van den Bulck, 2018), human-digital interactions (Finn, 2020; Jarvenpaa & Standaert, 2017), event studies (Sturm, 2019) and studies of Formula E's commercial ramifications (Næss, 2020). However, its innovation history is unexplored territory. Through our exploration, we will demonstrate that sport organizations should not 'treat an innovation as if it were a well-defined, homogenous thing that could be identified as entering the economy at a precise date—or becoming available at a precise point in time' (Kline & Rosenberg, 1986, p. 283). Rather, following Kline and Rosenberg (1986) one step further, the examination focuses on the complex iterative feedback loops between various parts of the organization and its stakeholders. More specifically, Formula E has employed an innovation strategy of drilling holes in a funnel in order to allow ideas to permeate from different places. This metaphor demonstrates the necessity of collaboration and that ideas developed in an open innovation ecosystem 'fuel internal developments and serve as an inspiration for a broader external environment' (Wilbaut, 2015, p. 79). Formula E's approach to innovation has led us to focus on all parts of the championship, instead of just the competition.

Second, further research on management in this sense could be useful to motorsports organizations, fans, leaders and practitioners. Although attention has been given to the life and career of Formula 1 entrepreneur Bernie Ecclestone (Stuart, 2018), as well as the occasional entry into strategy and business (Brawn & Parr, 2016), most research has concentrated on Formula 1 in general. Despite a plethora of innovative features and the work of 'F1 professor' Mark Jenkins (see Jenkins et al., 2016),⁶ the focus has been more on the dramaturgy of the championship than sport innovation in a societal or managerial context. Hence, this work represents an inward focus on Formula 1, rather than an outward focus on large societal issues relating to the sustainability of motorsport. In spite of recurrent warnings about the ecological footprint of motorsport being too big (Dingle, 2009; Hassan & O'Kane, 2011; Mackellar, 2013; Miller, 2016), studies of innovation in motorsport have focused on technological progress related to vehicle performance (Ebaid et al., 2016; Foxall & Johnston, 1991; Jenkins & Floyd, 2001). Even though the technology and performance of racing cars have advanced, the major motoring

championships—even high-tech ones like Formula 1—have hardly changed. In 2007, there was a disagreement between notable motorsport figures about the future of management. On the one hand, Pat Symonds, a former racing engineer and now Formula 1's chief technical officer as well as visiting professor at Cranfield University in the UK, claimed that 'Surprisingly, for such a dynamic sport, there's a remarkable amount of conservatism in management. Globalization presents a huge challenge to those who are conservative' (Henry et al., 2007, p. 147). On the other hand, Jackie Stewart, former Formula 1 world champion and F1 team owner, scoffed at the 'managerialism' that he claimed was diluting the essence of the motorsport drive:

the problem is that you bring in such so called expertise, the further you are from employing and using the passion that is absolutely vital to this business. In my experience, such development has a generally negative effect. (Henry et al., 2007, p. 147)

Instead, Stewart sees 'passion'—the most important ingredient in motorsport—as 'simply not synonymous with corporate management structures' (Henry et al., 2007, p. 147). Based on what is discussed in this book, what we have learned from practical experience of sport management in racing and research on sport innovation and entrepreneurship, it seems likely that in the light of Formula E's development Symonds was closer to the answer than Stewart. The need for innovation outside the pits is equally important as that on the racetrack, and would seem to require an iterative process in which numerous stakeholders are involved in the ecosystem of innovation that a business like Formula E represents.

Third, previous research points to the potential of exploring Formula E in a theoretical context. In terms of selecting Formula E as a case of the importance of management innovation in sport, we argue that it resembles the logic posed by Eisenhardt and Graebner (2007), who claim that 'theoretical sampling simply means that cases are selected because they are particularly suitable for illuminating and extending relationships and logic among constructs' (p. 27). But whereas Eisenhardt and Graebner (2007) favour multiple cases 'because the propositions are more deeply grounded in varied empirical evidence' (2007, p. 27), our study draws on the extended case method outlined by Burawoy (1991). This design is single-case based and can be coupled with other types of explorations than participant observation, which is usually favoured by Burawoy (Ridder, 2017,

p. 292) because it ‘is guided by anomalies that ... demonstrates that the theory is incomplete’ (Ridder, 2017, pp. 291–292). In other words, as Formula E contrasts most of what is done in motorsports generally, ‘theory is aimed to be improved by “turning anomalies into exemplars”’ (Burawoy, 1991, p. 10). This turn requires acknowledging a broad spectrum of perspectives on the given situation and, second, interpreting the micro-macro links in social processes by aggregating those perspectives.

A GUIDE TO THE REST OF THE BOOK

By making use of the sport innovation typology created by Tjønndal (2017) as described above, the discussion in the upcoming chapters is meant to create conceptual associations between conditions for management innovation in sport rather than being tested empirically (Gilson & Goldberg, 2015). In addition to enabling us to carve out propositions that will be used as building blocks in our model, the organization of the chapters has three functions: (1) to develop a cumulative argument of why Formula E provides case-based learning potential for other sporting organizations, (2) to provide the leap from start-up to multibillion industry with a categorical narrative and (3) to respond to a criticism of studies of organizational changes in sport, where although what happened is usually accounted for, the processes of how it happened are ‘rarely addressed in detail’ (Caza, 2000, p. 230).

Based on our analysis, the sport management innovation model takes form as an ecosystem. While ‘ecosystem’ is not a new metaphor for describing the circulation of ideas and practices in sport management innovation in working life or in academia (Kapoor, 2018), it is insufficiently theorized as a framework of analysis. To rectify this shortcoming, we make use of the following definition: ‘a loosely interconnected network of companies and other entities that coevolve capabilities around a shared set of technologies, knowledge, or skills, and work cooperatively and competitively to develop new products and services’ (Nambisan & Baron, 2013, p. 1076). This definition is the point of departure for our exploration of the five types of innovation associated with Formula E. Second, we analyse the innovation history of Formula E as a form of ‘managed ecosystem’ which can be explored in ‘situations where a central orchestrating organization manages ecosystem interactions such that the locus of activity is outside organizational boundaries, while the locus of control remains within the organization’ (Altman et al., 2019, p. 3).

We hasten to underline that much of the empirical data and history of Formula E presented along the way is not new. Rather, our primary contribution is to synthesize opinions, facts and insights in order to strengthen our *model* for sport management innovation. The conclusion offers a number of suggestions for motorsport entrepreneurs in particular and sport entrepreneurs in general who want to replicate Formula E's success, yet avoid getting trapped in its weaknesses.

NOTES

1. 'Formula E drives electric mobility innovation', *Medium.com*, 26 February 2018. Retrieved 20 April 2020 from <https://medium.com/world-of-opportunity/formula-e-drives-electric-mobility-innovation-9ca784a49bb0>; 'Why This Electric Car Racing League Matters Even If You Don't Care About Cars', *Time Magazine*, 10 July 2019. Retrieved 20 April 2020 from <https://time.com/5622578/formula-e/>
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6. For more, see <http://www.flprofessor.com/>

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CHAPTER 2

Managing Organizational Innovation in Sport

Abstract In this chapter we focus on how the organizational thinking behind the way in which Formula E has evolved as a business model from 2012 until today. In order to exemplify how Formula E has enhanced its organizational capacity for innovation and how entrepreneurial facilitation is practised, particular emphasis is laid on its integrational collaboration with partners when it comes to car manufacturers and events. The latter is discussed in a critical perspective as Formula E events have been the subject of both criticism and praise.

Keywords Institutional field • Entrepreneurship • Integration • Event studies

INTRODUCTION

Since the European Commission around the millennial shift effectively ended Fédération Internationale de l'Automobile's (FIA) monopoly in hosting world motorsport events (but in return gave FIA full control of its own championships; see Næss, 2020), there have been numerous attempts to introduce new racing series similar to Formula E, albeit with traditional business models and technology. In order to explore why Formula E seems to persevere in contrast to most other single-seater racing series established in the early 2000s, this chapter analyses the role of the organizational structure of Formula E. More specifically, the key question is 'what

leads individuals to establish organizations that employ radically new routines as opposed to organizations that simply reproduce established ways of doing things' (Aldrich, 1999, pp. 80–81)?

In what follows, we examine the organizational ecosystem of Formula E by concentrating on: (a) its business model and (b) its collaboration with event hosts. Regarding (a), we focus on how the organizational thinking behind the way in which Formula E has evolved as a business model from 2012 until today and its collaboration with partners. Whereas Formula 1's (F1) business model relies on sanction race fees in addition to major financial injection from commercial rights, Formula E is much more dependent on sponsorship. In fact, sponsorship generates almost 50 per cent of Formula E's revenue, compared to about 15 per cent in F1 (Sylt, 2019).

On the other hand, F1's commercial rights amounted to \$608.3 million in 2017, while Formula E's commercial rights came in at \$6.5 million the same year (Sylt, 2019). Hence, hosting a Formula E event is a cheaper offer than a Formula 1 race, although in return, as the race has to be in an urban area, there is a different level of complexity in organizing the event—in which city councils, sponsors, residents and numerous other stakeholders are involved. In the second half of the chapter we therefore review how Formula E events come to be in order to assess the collaborative approach as a driver of organizational innovation.

ORGANIZATIONAL INNOVATION, ENTREPRENEURSHIP AND INSTITUTIONAL FIELDS

Sports organizations cover a myriad of different organizational forms, from federations to clubs, student athletics and holding companies. Even with this diversity, we dare to say that most sports organizations are generally conservative entities—and we do not mean that in a derogatory way. Characterized by an internalized respect for history and past achievements, they tend, as noted in a study of Canadian community organizations, to be regarded as beacons of 'tradition and informality, resulting in a governance strategy that is often reactive and pragmatic, as opposed to proactive and strategic' (Hoerber & Hoerber, 2012, p. 213). For that reason, as well as for economic, cultural (i.e. with the role of volunteers) and legal reasons (so-called organizational determinants), their scope for innovation is not always the greatest. Yet the ability to renew itself has long been considered

‘to be just as important for sport organizations that, like other organizations, compete for limited resources to promote their particular sport (e.g., government grants, members to participate or spectate, sponsorship, media coverage)’ (Newell & Swan, 1995, p. 318).

The argument that competition for limited resources is a driver of innovation is one of this chapter’s cornerstones. Seemingly taking into account Croci’s (2004) claim that a sports organization needs to innovate structurally to collaborate with its external partners and to ‘get on with its neighbours’ (such as the European Commission and other non-profit associations), the organizational history of Formula E embodies the claim that ‘the propensity among entrepreneurs toward innovation as opposed to the reproduction of existing ideas is seen to be a function of the types of social relationships those entrepreneurs are embedded within’ (Ruef, 2002, p. 428). Moreover, Ruef (2002) argues that the general relevance of tie strength for innovation, rather than diffusion, relates to two underlying dimensions of social relationships: information and influence. For sport, information and influence as they are defined here often converge. Learning from Desbordes’ (2001) comparative study of skiing, sailing and cycling industries, the importance of having the capacity to use external influence as a driver of innovation is one of the lessons that sports organizations should heed. As Desbordes (2001, p. 145) explains it: ‘collaborations with suppliers, laboratories, and other firms are essential, in order to constitute a network of competencies.’

For profit-oriented sports organizations, as in, for example, football, this challenge of exploiting information and influence has been met with business models, brand thinking and strategies borrowed from commercial enterprises (Edensor & Millington, 2008; Rohde & Breuer, 2016). With that, they have adopted two challenges with organizational innovation. The first is being open to the influx of new ideas because they are profitable, and the second is ‘that these ideas then be translated via a process of organizational change within the adopting organization so that their usage is appropriate’ (Newell & Swan, 1995, p. 317). Hence, there is a crucial difference between organizational innovation in grassroots voluntary sports organizations and professional profit-oriented sports organizations. In voluntary sports organizations, the impetus for organizational change is often the need to rationalize structures that have previously been dealt with on an ad hoc basis. For profit-oriented sports organizations, there is a need to stay innovative and flexible in order to ensure competitive contingency (Newell & Swan, 1995).

As organizational innovation involves challenging the conservative, tradition-bound influences of sports organizations, successful organizational innovation in sport often requires changes in management models (Hartley, 2005). A central factor for success here is that changes in management and organizational structures are in coherence with local capabilities and needs. For sports organizations, increased organizational capacity can be achieved through innovative strategies related to policy environment and partnering with local institutions (Osborne et al., 2008). The sport and innovation literature refers to, for example, establishing open communicative systems, involving end-users in operation processes and co-creating programmes with several NGOs to increase the organizational capacity of sports organizations (Svensson & Mahoney, 2020; Tjønnal & Nilssen, 2019). Ringuet-Riot et al. (2013) mention that innovation in organizational systems can facilitate performance improvement and solve problems that hinder potentially impactful projects. However, development practices contain dichotomies in terms of actualizing organizational innovation: local or exported management models, heuristic or modern approaches and leadership or committee-oriented work. Reducing these dichotomies requires a practice-based understanding of the organizational processes of sports organizations at different levels (voluntary vs for-profit) and in different geographical, cultural and social contexts.

An important factor in enhancing organizational capacity for innovation and change is how entrepreneurial facilitation is practised. This approach follows Watson's (2013) replacement of the common view of entrepreneurs as 'a special category of person' (p. 408) with 'actors'. In Watson's view, entrepreneurs can be a group of people, an organization or other corporate functions engaging in innovative deals benefitting the overall goals. Under the heading 'How to collaborate successfully in the ecosystem' (see Chap. 1), Wilbaut (2015, p. 86) writes in the *eStory*—Formula E's official pamphlet—that 'Effective ecosystems manage to turn outsiders into collaborators and cultivate profitability by encouraging others to create valuable offerings. In such an environment, enabling external innovation becomes as important as improving internal capabilities.' In order to operationalize this vision, Agag and his associates have until recently—mainly worked as a start-up in the sense of overcoming a typical issue for innovators at the periphery of a mature field (motorsports), as outlined by Albertini and Muzzi (2016, p. 111): 'when entrepreneurs are radical innovators they have—at the same time—to interact with existing

institutions to be credible and to get identity and legitimacy and to change the institutional environment to create the new context for the growth of the venture.’

All of this comes under what are called ‘institutional fields’. According to Delbridge and Edwards (2007, p. 93), “‘field’ in this sense “denotes those various conditions under which the environment shapes the organization” (...) Fields represent differentiated, interdependent networks of organizations and institutions that together reveal a recognized area of life.’ There is a set of ‘institutional logics’ in these fields, which means a set of principles and practices that are necessary for the organization’s existence, such as the commercial motives for a corporation, or medical qualifications at a hospital. Several studies demonstrate how these principles and practices influence how members of organizations interact with each other and others outside the organization (Pahnke et al., 2015). Hence, to challenge these logics we need to know how they constrain and enable entrepreneurial agency (Watson, 2013, p. 413; see also Chap. 7), especially if we consider the place of motorsport in the environmental debate. As underlined by De Clercq and Voronov’s study (2011, p. 323), ‘sustainability and profitability will be an important aspect of entrepreneur legitimation.’ As up to now they have represented two competing logics in motorsports, the focus has usually been on the balance between them. However, De Clercq and Voronov (2011) argue that ‘the issue is not so much whether the aforementioned win–lose or win–win scenarios are accurate but rather, how expectations about sustainability and profitability are institutionally embedded’ (p. 325).

Considering the expectation from Formula E’s partners of sustainability as a driver of organizational innovation, Albertini and Muzzi’s (2016) three-step model for divergent change implementation becomes relevant. The first step, which concerns a new vision, has already been outlined and needs no further introduction. The second step is about selecting the right partners, where Formula E exemplifies the claim from Jarvenpaa and Standaert (2017, p. 4736) that ‘the entrepreneurial firm has to constantly play, poke, and shape the contours (limits) of the landscape to attract new partners and user communities.’ Here, Agag and his small start-up team has over the years put together a management team that apparently seems fit for purpose when it comes to exploiting the ecosystem for innovation targets.

MANAGING THE ORGANIZATIONAL DEVELOPMENT OF FORMULA E

Before Agag, there was actually a competing championship in the making, when South African company Formulec, established in 2008, commissioned French company Segula Technologies to develop an electric formula racing car. After a year or so of testing, it was announced in 2011 that in 2012 a Formulec World Series would start as a championship and be very similar to the current Formula E:

Formulec is the only Formula series which really makes sense as a street race due to the extremely low noise levels produced by the vehicles—this means that the public can view a world class racing event on the streets of their own city.¹

Meanwhile, Agag, who had similar ideas of his own, was supported by FIA, which fancied the Formulec idea but was not convinced about its commercial ability to convert into a fully fledged alternative to Formula 1. The solution was that Agag and Banuelos bought Formulec, set up a holding company as the future promoter of Formula E and integrated the technical know-how of Formulec into a new company called Spark Racing Technology (SRT).² Now equipped with their own supplier of electric racing cars, as well as entering into a partnership with McLaren to supply powertrains (a company that has been in Formula 1 since the 1970s), Agag succeeded in getting FIA's approval on technical rules, with 2014–2015 as the first full season. Shortly after this, Formula E and its new investors employed people with experience inside and outside sport. New CEO Jamie Reigle, for example, said that one of the reasons he accepted the job was because the business structure established by his predecessor was so sound:

What's really compelling is the fact we have an integrated business model, meaning we control the events, we control the TV rights, we control the digital rights, we control the sponsorship, we control the branding (...) If you were to say that to someone at the Premier League or the NFL or other sports properties... it's very rare where you're integrated in that way.³

Integration is a keyword for Formula E in more sense than one, according to Eric Ernst, who in March 2018 became Formula E's Head of Technology, after having worked with Volvo America's Cup:

We do use roles within our company to guide integrators to help us build certain things. So I don't want to have 30 people in my department that work six or seven months on the championship and then I have them six months in the office under-occupied or I have to let them go and re-hire them again. I think that approach of getting partners in to help us build the championship, us running the design and the philosophy and culture of how we want to do it.⁴

This approach was confirmed by Formula E's Chief Marketing Officer Jerome Hiquet, who in 2019 said:

it's on purpose that we remain very close to what our partners are telling us. It's easier when you're a 5-year-old organization to build that with your partner from day 1, and to maintain this relationship, than if you're a bigger organization where there is potentially less need, or if the dynamic is a bit different. Maybe in 10, 15 years' time we won't be able to do what we're doing now. B2B, B2C brands are embracing us because of our scale and our access to a younger generation and our purpose. We know we need our partners to continue to grow, and we know we're providing a platform for them to be able to scale in a way that they wouldn't be able to do through other partners or through other marketing activations.⁵

In other words, as underlined by other studies of innovative partnerships (see, e.g. Pahnke et al., 2015), Formula E also influences its partners. The explanation is that so far, Formula E has supplied teams with a platform to showcase their products. To be part of this platform, and gain access to a well-marketed concept as well as an entire race infrastructure, teams pay with the help of sponsors. This works well in a start-up phase, where the brand investment seems to outweigh the financial cost in the context of 'Dieselgate' (see Chap. 1) and the fact that Formula E is growing commercially. Talking about Formula E as a start-up, in 2019 Agag said that: 'We can adopt crazy ideas that other sports can't, because they have all this past heritage. We can risk fumbles.'⁶ Yet, at some point fumbles are not as charming as they can be in an early phase, and some motorsport commentators (see Rencken, 2019) are certain that the business model will at some point be questioned by teams that—like in Formula 1—want a

revenue-share arrangement. For a money-making entity like Formula 1, this principle has been a stalemate of the championship since the 1970s and the object of numerous lawsuits and brawls, not least because some Formula 1 teams are constantly favoured by the commercial rights owner (Næss, 2020).

In contrast to Formula 1, though, Formula E has operationalized Albertini and Muzzi's (2016) third step in its model for divergent change implementation: legitimation of the new venture. With the massive promotion recently of Formula E's ISO certification as proof of a credible sustainability strategy, it is interesting to note that in the *eStory*, Formula E's official 'value pamphlet' from 2015 (Wilbaut, 2015), certification is never mentioned—although the focus is on how Formula E as an ecosystem for environmental sustainability-friendly innovations can improve air quality, provide cleaner mobility solutions (electric ones) and make a positive impact on urban development. According to Julia Pallé, Formula E's head of sustainability, this shift in strategy emerged from a reading of environmental strategies elsewhere and picking certain known eco-relevant themes that would align with the championship's core issues.⁷ Racing in cities meant focusing on air quality, energy use and waste management. To coordinate the efforts to improve in these areas, Pallé says that the next step was to develop a management system to anticipate the expectations in the stakeholder network and find partners that could operationalize the resulting tasks. This meant on the one hand securing support from the Formula E's leadership group to develop an organizational culture of working towards ISO certification, which consist of 29 clauses, which include specific clauses on leadership, supply chain management, event sustainability objectives and sustainable development principles and statement of purpose and values. On the other hand it meant collaborating with external partners like SGS (Société Générale de Surveillance), the Swiss-based accreditation company that helped the Rio 2016 Olympics to achieve ISO20121 status, as well as organizing a large stakeholder meeting with local community officials and the like based on what Pallé calls a SMART approach (a concept from management thinking, first coined by Doran, 1981).

On the financial side, therefore, Formula E seems to be in better shape than ever, with the influx of money from substantial investors like Saudi Arabia and the recent entry of major car manufacturers like Porsche and Mercedes. Relatedly, sponsor deals are also still different from those in, for example, US motorsports, where one-off sponsorship deals are far more

common than the Europe-based annual arrangements and provide at least some element of stability even when the COVID-19 pandemic is still heavily impacting motorsports.⁸ On the competitive side, however, lessons from motorsport history warn about the loss of participants should they turn out to be regular ‘backbenchers’ or fail to convert opportunities for technology transfer between race and road cars into a profitable relationship (see Chap. 3). In the bigger picture, a third dimension is also worth noting: the race organizers and their patience with events that may or may not be beneficial to strategies of growth and sustainability, and the rivalry of urban areas hosting these events. While interest in hosting events has been taken for granted, and for good reasons given the conceptual match between Formula E’s value proposition and contemporary politically correct objectives on sustainability, recent developments and increasing research on the phenomenon suggest that it might not be all that simple.

THE ORGANIZATION OF RACE EVENTS

Before turning to the organization of racing events, it is relevant to note that the relation between sustainability and sporting events has been a topic of debate since the 1994 Lillehammer Winter Olympics was hailed as the first green mega-event (Sotiriadou & Hill, 2015). Among the critics we find Smith (2009), who argues that while events create a temporary feel-good factor, the actual do-good factor (what the event has contributed to in terms of financial growth, social integration and ecological progress) is much less certain. For motorsport in particular, events seem to have brought more negatives than positives. A group of researchers found no effects on GDP, employment and tourism in the European regions hosting a Formula 1 Grand Prix from 1991 to 2017 (Storm et al., 2020), whereas others argue that these events bring huge economic benefits to specific events such as the F1 Korea Grand Prix (Choe et al., 2017). For various reasons, politicians and the like still favour the perspective that events like these add value beyond the numbers.

At the time of writing, Formula E has visited 17 nations, and for its eighth season (in 2021/2022) is actively discussing 26 possible venues. As mentioned in the introduction, the race fees—the cost of being allowed to organize a Formula E event—are much lower than in Formula 1. Therefore, the incentive to organize these events has to be rooted in the city’s or local organizing committee’s value proposition, which in any case has to be legitimately anchored in a larger group of stakeholders. Unlike

the process in which racetrack owners and associated stakeholders make a bid for a Formula 1 race, Formula E event hosts need to first send a formal letter of interest to FIA and Formula E before an official feasibility study is called. This study ‘involves technical and logistical staff from Formula E Operations and the FIA travelling to the city in order to evaluate the viability of the track. Then detailed commercial discussions take place with the city and any promoters that will drive the plans forward.’⁹ Along the way, the pros and cons of Formula E races are subject to debate in the urban areas in which they are meant to be held.

Previous research and reports have identified conflicts in the UK (London), Canada and Indonesia, to name but a few (see, e.g. Sturm, 2019). Usually, the debate concerns value for money, the level of intrusion in city life, and the trade-off between the benefits of projecting a positive imagery of a given city and the high cost of coverage. Different business models between cities also enable them to compare event organizing with others. For example, when hosting an event for the first time in 2017, the city of Montreal had a public injection of \$24 million to make it happen. Only \$1.5 million of this covered the first payment of race fees, whereas the road work and track building together came to \$13.4 million.¹⁰ There was to be no second edition of the race, though, because the new mayor, Valérie Plante, only saw red numbers after the first race and faced increasing dissatisfaction from activist groups like *Formule Citoyenne*. According to Plante, suspending the contract with Formula E was even less expensive than hosting the upcoming events.¹¹ The Paris E-Prix used no public money, but was still harshly criticized, this time for ‘greenwashing’ the car industry (Ariès, 2018; see Chap. 3). Those supporting the race included Anne Hidalgo—the mayor of Paris, the city in which FIA has had its headquarters since 1896—who claimed that it would increase ‘public awareness of sustainable methods of transportation and aid promote car manufacturers continuing to invest in electric mobility and alternative energy solutions’.¹²

Others in France have also disagreed. One of the frontrunners in the mayoral race in Paris in 2020, Benjamin Griveaux, has pledged to cancel the French capital’s ABB FIA Formula E race if he is elected, citing Formula E as being *an ecological aberration*.¹³ Although Griveaux’s complaints about Formula E’s ‘thundering engines’ demonstrate a lack of knowledge about the racing series (thunder is perhaps the least fitting description of their engine sounds), he is not alone in looking at it this way—neither in Paris, nor in sectors of society other than politics. Neither is he alone in producing claims that a Formula E event ‘brings nothing to

Paris and doesn't convert anyone to electric vehicles'.¹⁴ In the city of Jakarta, which in September 2019 secured a deal to host the race for five consecutive years, the administration was criticized after arguing that the 2020 Formula E Championship 'wonders to promote the use of electric vehicles in Indonesia'—despite the absence of electric vehicles in the city's development agenda.¹⁵ To top it all off, it was later revealed that the cost of preparing for the race (about Rp 1.6 trillion, i.e. US\$1.1 billion) was compared to Hong Kong's plan, which hosted the 2018–2019 Formula E season and cost 300 million Hong Kong dollars (\$39 million). This alone caused political dissatisfaction, as did a reversed decision by the steering committee to approve a request for the Monas area as the racing venue due to its designation as a cultural heritage site after first having denied it.¹⁶

Sturm's (2019) research on the 2015 London E Prix adds more perspectives to the complexity of event organization in Formula E. Shaped as a case study of the issues of staging a race in London's Battersea Park, Sturm explores the challenge of hosting motorsport events as part of a strategy to rejuvenate a city in a green direction. The ideal was to stage the race as a platform for innovative technology by lowering the barriers for spectators, but the reality was this: hosting a race in a historical parkland without sufficiently consulting with those with an interest in it made the event troublesome from the beginning (Sturm, 2019). Overlooking the fact that infrastructural issues are as important to acknowledge as the race content itself indicates that the combination of motorsport and green image requires a different approach to that of a classic race. Green attributes may be added to a location or destination brand in the planning stage and be positioned as a 'green city', but only if they harmonize with the sentiments of an extended stakeholder group. Sturm's conclusion, together with the other above examples, is consequentially supported by Getz's (2009, p. 68) argument that generating 'social equity' through an event with an emphasis on sustainability 'requires full integration of residents and other stakeholders in the decision-making process for bidding on, creating and marketing events, and in assessing their impacts'.

A final example that demonstrates the requirements for successfully hosting a Formula E race is the story of the Swiss city of Bern. After hosting a successful race in Zürich in 2018, Swiss E-Prix Operations AG, which coordinated the 2019 event in Bern, faced unexpected difficulties that, in the end, led to the company's bankruptcy in January 2020. Sources point to a myriad of reasons for this, such as higher security costs, less agile cooperation with the canton (including a fierce battle over the cost

following vandalism) and political criticism of ‘greenwashing’ (especially as Formula E’s major deal with Saudi Arabia was sealed between the first and the second event in Switzerland) (Bern, 2019). But the evaluation report also points to a more major concern, which relates to why the race was received so much better in Zürich. In Zürich, the sense of ownership among the city’s own residents, the political goodwill to see the race as an investment in an already established strategy for sustainable urban development rather than a trade and the innovation link to its prestigious technical university ETH Zürich came together in an understanding of the event as a showroom for Zürich. Bern, in contrast, seemingly approached the event in a more instrumental way. Similar to Montreal, the city saw itself as any other stakeholder that was in it for the money and was less concerned (at least compared with Zürich) about the necessity of integrating the significance of social capital into the complete event assessment. For example, the Bern report states that although the planning was considered satisfactory, the actual implementation was under par. A reduction in public transport offerings and a desire to place the racetrack as close to the old part of Bern as possible, both of which complicate inner city mobility, were insufficiently addressed in the implementation phase. In other words, attention was drawn to the short-term problems rather than the long-term goals (Bern, 2019).

The experiences described above are important for potential Formula E race event hosts in terms of helping them to avoid making their predecessors’ mistakes. Simultaneously, it is in Formula E’s interest to contribute to reducing the risk of drawbacks once the race is agreed on. Formula E does this by cooperating with UK-based GL Events as its official, global overlay partner. This means a bespoke 13,000 m² of infrastructure around the track for the E-Village, pit garages, race control, the media and TV compound, catering and medical facilities and a state of the art double-deck structure for the E-motion Club, the most prestigious tier of Formula E hospitality.¹⁷ Moreover, Formula E collaborates with local organizing committees and has special envoys, such as Richard Bate, the chief safety planner. His responsibility is to plot an event setup that minimizes intrusion into everyday city life, ensure a pre-contract Occupational Health and Safety (OSH) due diligence and negotiate with those indirectly involved in the event. Bate’s approach is comprehensive and includes the police, building control officers, traffic controls and other stakeholders in the city wanting to host a major sporting event.¹⁸ It also includes collaborating with Massimo Foroni, the motorsports team operations manager at

Formula E's logistics partner DHL, which, for example, prior to the Paris E-Prix had access to a representative dedicated to working and 'briefing the right people in the city council'.¹⁹

Furthermore, in terms of designing the race track and maintaining the lives and livelihoods of the people and businesses affected by the 14-day event (10 days to build the track and set up the associated structures, such as paddock buildings, grandstands and the E-Village), the 100-tons plus of materials needed to erect this happening has to be transported into the city without causing problems.²⁰ A major part of achieving this goal is whether the Allianz E-Village is successful. Basically, this is a miniature Tivoli centred on Formula E-related activities which is set up at every Formula E race. It is often organized in zones—the recharge zone (relaxation), the stage zone (family-friendly happenings), the taste zone (food and drinks) and so on—which the guests can frequent to explore different sides of the championship. The idea is to provide a low-cost, diverse and sustainability-oriented addition to the race itself and, through that, promote the championship's core values as well as invite local actors to take part in the partnership. According to Allianz—a large multinational insurance company that used to sponsor Mercedes in Formula 1 until it switched to Formula E in 2017—the idea behind E-Village is 'to tear down the barriers of traditional motorsports'. Jean-Marc Pailhol, the Head of Group Market Management and Distribution at Allianz SE, said that:

We believe that now is the time to engage in the development of new ecosystems, defining the future of urban mobility in a sustainable way. What better way than to partner with Formula E which not only brings the discussion to metropolitan cities around the globe but also adds the excitement of fully electric racing. We are particularly excited to host the 'Explorer Zone' in the Allianz eVillage which allows visitors to experiment the latest digital technology, such as 3D printing, drones and virtual reality.²¹

As such, the E-Village connects with the grander idea of what a Formula E event should be in terms of influencing the audience and its partners towards a more sustainable future, as well as hooking up with the value proposition of what an event can contribute to a city in terms of financial boost, environmentally friendly technology and attracting tourism and investments. At each event, Formula E collaborates with two types of stakeholders. First, the event organizers appoint companies specializing in produce to manage the Allianz E-Village, which as indicated above is a

large festival-like area dedicated to fun, technology and family activities related to the main event. At the Paris E-Prix, for example, the E-Village was built on the Invalides esplanade covering an area of 39,000 m² and hosted 46,000 fans throughout the event.²² Apart from local partners, E-Villages also include local restaurants and community initiatives. In 2019, Julia Pallé, Formula E's Sustainability Director, said about the New York race that 'we hired a staff of 45 for this event and most of them come from Red Hook' (the area of New York City where the event was located). Moreover, Modis, one of the event sponsors, funded two scholarships for Red Hook students to attend a city university.²³

The design of the E-Village is rooted in a desire to provide an inclusive option to those wanting to take part in the event without being racing fans. According to Hover and Heijnen (2020), 40 per cent of E-Village attendees are families with young children, while 35 per cent are university students interested in technology, cars, sustainability and the arts. At some events, there is also an E-Lounge, a more exclusive option for those with a special interest in going 'behind the scenes' in the E-Village (tickets started at €750 at the Berlin E-Prix). Second, the content of the E-Village changes from city to city. For example, at the 2018 Zürich E-Prix, the city's prestigious technical university (ETH Zürich) had its own pavilion at the E-Village, where it presented three projects: Duckietown (a fleet of autonomous mini taxis, relating to a project first started at the Massachusetts Institute of Technology in 2016), Swissloop (high-speed travel capsules—so-called pods—that were meant to shoot travellers from A to B in vacuum tubes) and the electric AMZ racing car (a participant in the Formula Student competition where the aim is to foster new engineering talent).

For newcomers, the existing layout of a Formula E event provides a framework that ensures brand coherence yet leaves some room for local creativity. One of the potential newcomers to be visited by Bate and others from the Formula E management should the application materialize is the Dutch bid for a Formula E race called 'Brainport Eindhoven Region'. In 2020, a study was commissioned by Research for Sport and Public Policy at the Mulier Institute to assess its potential economic and social impact. Assessing broadly the characteristics of Formula E, the Mulier Institute report provides a rich image of what it takes to determine the potential legacy of a Formula E race. Envisioning a three-year/three-race package deal, the researchers state that a bid must be grounded in Formula E as a 'story context for projects on sustainability, waste reduction, technology, social awareness, smart mobility, smart city and innovation' (Hover &

Heijnen, 2020, p. 13). This story, the report continues, matches the characteristics of the city of Eindhoven (evaluated as the most innovative city in Europe by the European Commission in October 2019) and the surrounding regions. North Brabant, in particular, aims to be among the top five most innovative regions in Europe (Hover & Heijnen, 2020, p. 14). It also connects to the championship's major sponsors, Dutch beer brand Heineken.

These relations are then used as the basis for an assessment of potential economic impact, social impact (feelings of pride and the like) and opportunities for leveraging. Notably, the researchers are critical of existing sponsor agencies' estimates and conclude that the potential economic impact is in the region of 20–30 million euros rather than the three times as high figures offered by others before them. Moreover, the marketing impetus, which is crucial to Formula E, is also in danger of being overemphasized. Hover and Heijnen refer to a study by Robeers (2019), who found that sport broadcasters neglected the green message and instead concentrated on themes associated with traditional motorsports. In a worst case scenario, the researchers argue, too strong an emphasis on the green message can be counterproductive and generate greenwashing criticism, as in the case of Paris mentioned above, and like the case of Bern. Notwithstanding, the researchers conclude that there are multiple benefits of hosting a Formula E race, and from our point of view the report reflects how Formula E is organized: as a start-up. Hosting three races has a low probability of financial success in three years, but as a driver for innovation—rather than being the innovation itself—a series of races could kick off synergy effects between industries and partners that are not visible in the subsequent KPI report.

CONCLUSION

In contrast to most sports federations or organizations, Formula E is primarily a business, with sport—and races in particular—as a defining element of its activity. As examined in this chapter, there are many things that sports organizations can learn from Formula E's organizational development. First, as a newcomer to a mature 'institutional field', it needed to position itself by emphasizing assets other than those commonly utilized by sporting organizations to attract investors, fans and partners. Rather than associating itself with other motorsport history, tradition and legacy as selling points, Formula E was regarded as a start-up and used the

momentum of its entrepreneurial spirit and contextual receptivity to further its commitment to create novel partnerships in various departments. In particular, Formula E has merged its bigger commitment as a Trojan horse in the climate debate with having made incremental steps from a small holding company to a large brand through a specific type of relational networking tailor-made to its conceptual core as a sport-entertainment brand with a purpose.²⁴

Second, when it comes to awarding events, Formula E's expansion strategy relies on a mutual agreement between parties to see the championship as a start rather than the final product, and the relation between motorsport and green technology. As illustrated in the analysis of the business model and the organizing of events, the integration of strategic elements used to keep the brand narrative watertight ensures a coherent management of the championship even though several external factors pose potential risks for the future. For the business model, there will be a continuing debate about Formula 1's revenue sharing model, especially when the interest of car manufacturers wanes. The extent to which Formula E will be able to maintain an aura of technological freshness despite cost caps, while other industries may move past them as innovators, is also part of the equation. For the events, there will continue to be debates about their financial and social impact, not least by those who prefer car-free cities and those who argue that a Saudi Arabian benefactor weakens the goodwill of a significant part of the political elite in Europe and Asia.

Conclusively, according to Agag, the differentiator against similar ventures in the past and even today has been the 'purpose', which he claims is part of the 'new business model for sport'. Although many of the elements are familiar—sponsorship, broadcasting rights and fan engagement activities—not all sports have a grander 'why' (as immortalized by management gurus like Simon Sinek, see Sinek, 2017). Agag says: 'If you don't have the purpose, that's when your sport will slowly lose energy, fizzle out and disappear. If you have a strong sport and are able to add purpose to it—it has to be authentic—you're in good shape.'²⁵ In other words: The more reciprocal the ecosystem of the firm is managed around its purpose, the more advantageous it will be for actors with a stake in the business.

NOTES

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CHAPTER 3

Managing Technological Innovation in Sport

Abstract The promotion of the electric car as part of the solution to continued economic growth and improved environmental sustainability forms the core of Formula E's technological innovation strategy. In this chapter we therefore contextualize the emergence of electric cars in modern society where the car is laden with symbolic value to a variety of consumer groups. We then discuss, with BMW as main example, how the technologies promoted by Formula E are related to road-going cars and how the championship acts as a transfer mechanism between the race engineering laboratories and the urban mobility solutions in city areas.

Keywords Cultural consumption • Technology transfer • Energy efficiency • BMW

INTRODUCTION

Research on technological innovation in commercialized elite sport has been concentrated into two main areas. The first is the enhancement of competitive advantage and athlete performance, including technological innovations in sports equipment such as the recent development of carbon-fibre running shoes and improved engines in racing. The second area relates to the experience and consumption of sport for fans, such as FC Bayern München's AR app that allows fans to take selfies with the team's

stars. For Formula E, these two areas merge. We will return to the second area in Chap. 4, as that overlaps with commercial innovations. In this chapter we explore technological innovation related to competition, because competition—the race—is a tool that ultimately showcases the efforts of car manufacturers, independent teams and their sponsors to develop a winning racing car that is battery driven.

The promotion of the electric car as part of the solution to continued economic growth and improved environmental sustainability forms the core of Formula E's technological innovation. To achieve something that has been tried by many before them, Formula E has partnered with car manufacturers such as BMW to deploy a marketing stunt usually reserved for conventional cars. Formula E applies the same logic here as that of motorsport funding since the early 1900s: a trickle-down effect from the racing circuit and at rallies will occur because cars are tested to their limits. By pushing them to their limits, parts will either break or hold, and either way will affect quality, safety and design. The difference from conventional motorsports is that the sustainability theme, rather than performance, apparently influences every technological innovation in order to reduce CO₂ emissions and supporting a decarbonized economy.

To understand why Formula E nevertheless is so difficult to separate from the car-centred world in general, and why its management tries to escape from relations with other motorsports, we need to contextualize the role of the car in society and its electric alternative. Second, on this basis, we turn to how Formula E has attempted to differentiate itself from this image of the car and motorsport by technological solutions to racing cars and the championship itself. Novel technology associated with the futurist image of Formula E also transfers into corporate exploitation of the championship, as in the case of BMW. Finally, we summarize what these examples mean for Formula E's drive towards technological innovation as part of the concept.

A CAR-CENTRED WORLD

Between the demise of 'La Jamais Contente' (see Chap. 1) and Formula E came the electric car, an obscurity in motorsports not merely because the competing technology was better adapted to the industrialized lifestyles of the twentieth century, but also because the fossil-fuelled car was tied to identity and class. Above all, the evolution of the car impacted Western societies, as it compartmentalized progress and modernity. David Gartman

(2004) outlines three ages of automobilism. He calls the first ‘The Age of Class Distinction’, starting in the late nineteenth century. Drawing on Bourdieu’s theories on distinction, ‘in which different classes compete for cultural capital or status honor’ (Gartman, 2004, p. 170), the exclusiveness that is tied to production (craft skills) and expensiveness (they were unreachable to all but the wealthy) and the first impact on society ‘solidified their association with class privilege’ (Gartman, 2004, p. 171). According to Gartman, cars soon became ‘an essential accessory of the leisure class, which used them for touring, racing and parading down fashionable boulevards’ (2004, p. 171).

The status of the car was amplified by the emergence of road races in France, from Paris to Rouen (first run in 1894) and Paris to Bordeaux and back (1895), and even in the US, from Chicago to Evanston (1895). Despite Jenatzy’s record run in 1899, it became clear that petrol-fuelled engines outperformed steam and electricity as power sources. In 1904 the Association Internationale des Automobile Clubs Reconnus (AIACR) (renamed Fédération Internationale de l’Automobile (FIA) in 1946) was founded in Paris, and French newspapers invented a vernacular to cover motorsports and even became event hosts. Sometimes these connections linked the US and Europe. The Gordon Bennett Cup, for example, ran between 1900 and 1905 and was initiated by the owner of the *New York Herald*. Eyeing a wider market in which cars were ‘testifying to refined cultural tastes’ (Gartman, 2004, p. 172), car manufacturers found a broader incentive to utilize motorsport as a brand enhancing tool to showcase performance, design and technological ingenuity. Simultaneously, whereas British car manufacturers would ‘shun standardized production for fear it would undermine the distinction of auto ownership’ (Gartman, 2004, p. 173), the emerging interest amongst the lower classes, together with an economic upswing, stimulated automotive manufacturers in the US to diversify their product lines.

According to Gartman (2004), it became a trade-off where ‘mere ownership lost its ability to convey distinction’ (p. 173), but in return required car manufacturers to put more effort into making their products distinguishable. This is the start of what Gartman calls ‘the era of mass individuality’, which was characterized by the creation of artificial differences between qualitatively similar cars to meet ‘the demand for cultural legitimation of the new system of mass production’ (Gartman, 2004, p. 177). These creations took the form of an expanded model portfolio and an annual renewal of the car models. After World War II, Fordism became the

victim of its own success. In the third age of automobilism, which Gartman calls ‘the era of subcultural difference’, car manufacturers realized that consumers demanded real difference between cars, instead of cosmetic variations. Consequently, manufacturers increased model offerings to include niches rather than broad groups. Incompatible with the old Fordist system, the new reality for car manufacturers required new production models, technological focus (due to the oil crisis and environmental concerns in the 1970s) and brand orientation. The long-term effects of this surfaced in the late 1980s, when a postmodern consumerist logic gained a foothold in the car world and product diversity exploded. From here on car manufacturers sold a way of life, not just a car.

Due to this convergence of consumerist preferences and identity-generating elements, as well as a rapidly expanding infrastructure and suburbanization, electric cars were far and few between. As oil companies grew massively in the 1960s, the electric car disappeared into oblivion for the next century. However, in the 1970s a potential comeback was nascent. In 1973, in the wake of the revolutionary years in France and the oil supply crisis caused by the Arab oil embargo on nations supporting Israel during the Yom Kippur War, a group of engineer-sociologists working for Electricité de France (EDF) ‘noticed a ground swell of opinion against conventional fossil fuel-based cars’ (Parayil, 2002, p. 56). As cars were seen as a necessity in France due to the major industrial employment and the national identity that was generated through major businesses like Peugeot, Citroën and Renault, the EDF engineers approached the car’s place in society from a different angle. As Callon (1986, p. 84) dryly observes: ‘It is by no means easy to create a new market of this sort in a society organized entirely around the traditional motorcar.’ Partnering with Renault to achieve the aim of creating a *véhicule électrique* (VEL) was thus not enough for EDF. Actors from the political system (from municipalities to the Ministry of Quality of Life), social movements and environmentally conscious consumers were also included to optimize the chance of success (Callon, 1986).

One reason for including this broad range of stakeholders was an awareness of VEL’s technological limits. Unable to go particularly fast and with a low range, political support was needed for a society in which the everyday rhythm was designed to be less stressful and immobile than that based on fossil fuel cars. Blessed by politicians who drove electric cars in front of journalists and spoke condescendingly about Americanization and the vulgarities of consumerism, the project therefore seemed to be at the right

time and in the right place (Griset & Larroque, 2006). But VEL failed, and apart from the technological aspects—the product was useless against its competitors—the engineers’ sociological analysis was flawed. Above all, they were wrong in their analysis of society, in which ‘the internal combustion engine is the offspring of an industrial civilization that is behind us’ (Callon, 1986, p. 85). Consumption was not dead. As the car embodied a symbol of social standing, it was natural for consumers to want more differentiation in cars in accordance with their tastes and preferences. What Gartman (2004) saw as a postmodern idea of the car, emerging as a yuppie phenomenon in the 1980s, had actually already existed for several decades.

All this can be substantiated by reviewing the influx of sponsors in motorsports. The cloverleaf of races, the media, sponsors and professionalization became instrumental to the principle that in the 1960s was known as ‘win on Sunday, sell on Monday’. Coined by an American wheeler-dealer and Ford engineer (Tasca & Caldwell, 1997), it represented a philosophy that fitted all kinds of motorsports. Although the slogan has been contested by empirical studies, the idea of honing the identity of the brand, searching for technological trickle-down effects and getting brand exposure have been important aspects of the automotive industry since its inception. Motorsports were seen as a form of ‘live advertising’ for car manufacturers, suppliers and sponsors wanting to be associated with the performance symbolic of racing. With the advent of television sports in the 1960s, where rallying in the UK and NASCAR in the US stood out as particularly popular, this cloverleaf slowly began to form a business model. From that point on, sponsors viewed the world of motorsport as a symbolic treasure chest—despite questionable financial results (Jensen & Cobbs, 2014)—for brand activation, products and services associated with the icons of racing: competitiveness and winning mentality, coolness and glamour.

Inducing this business model was that the varieties of motorsport began to settle into particular formats in the 1970s. Even though they had been there since the early days of FIA, with long-distance rallies (Europe) and track-racing (US) as the two most distinct ones, the commercialization of motorsport in the 1960s allowed car manufacturers, the media and FIA to see diversity as a way of exploring niches, rather than mutual threats. These niches did not evolve automatically, but were explored by business-savvy entrepreneurs either with or without FIA’s approval. While today Formula 1 is a €8 billion business, in the early 1970s it was a poorly organized championship with lax rules, ad hoc logistics and no real financial plan. To

British entrepreneur Bernie Ecclestone, who had been involved in Formula 1 for some time and also owned a team, this situation made little sense given the global interest in racing. At a meeting between team owners in 1972, he aired the idea of creating an organization that would deal with all of the above on behalf of the teams. Although he did not put himself in charge from the beginning, the absence of interest from the others made him jump on the bandwagon together with fellow team associate Brit Max Mosley. That was the start of a relationship between someone who would turn out to be one of the UK's richest men, and another who would become FIA's president (1993–2009), thereby leading to the development of Formula 1 as a techno-cultural complex characterized by a stimulating bad-boy imagery, the sexualization of women and bloodsport narratives.

In this development of motorsport the electric car had no credibility for a long time. Then four things happened in the early 2000s. First, the global financial crisis spurred new collaboration forms in the automotive industry. Responding to two needs at the same time—a more efficient use of energy to ease the ecological strain on contemporary consumption patterns (Eriksen, 2016) and the growing understanding that a race has never been won inefficiently—Skeete (2019) argues that a new type of knowledge transfer occurred between UK-based motorsport entrepreneurs and the automotive sector after the 2008 financial crisis. Unlike the traditional view the current focus, as exemplified by Skeete with Audi's involvement in motorsports, was on engine technology, not engines. Second, when Tesla's Model S was introduced in 2012, after the company had escaped bankruptcy, the view of the electric car was ready to change. Third, 'Dieselgate' emerged, where Volkswagen in 2015 was caught cheating with emissions and tried to cover it up. This led to a tremendous PR scandal and large fines from the European Commission, as well as a rebuff of diesel cars in general, which gave politicians (European in particular) who were otherwise reluctant to criticize the car industry a forceful incentive to evoke green demands (see Gaim et al., 2019). Finally, Formula E survived its start-up issues and became a world championship in a few years.

What is ironic is that while Tesla benefitted from Dieselgate, the company has refrained from competing with a 'works team' in any form of motorsport. In return, Musk's competitors have used the momentum created by Tesla to expand their product portfolios to include EVs—for example by establishing Formula E teams. Others are still not impressed. In 2017, the Formula E race in Montreal proved to be unpopular amongst

residents due to its detrimental impact on local businesses. In contrast to the rhetoric of stakeholder inclusion, the reality was, according to a survey, that local restaurants suffered from Formula E's food trucks. Hence, the city council abandoned its support for the following year and was dropped from the race calendar (Sylt, 2018; see also Chap. 2). In 2019, Helmut Marko, a senior consultant to the Red Bull Formula 1 teams and representative of one of the largest corporative actors in motorsport (individual sponsor, media house, team owner), said, 'Formula E is for us only a marketing excuse from the automotive industry to distract from the diesel scandal.'¹ Some have also questioned the credibility of the series as long as they race in gas-guzzling car cultures such as the US, or in Saudi Arabia, a country which apart from its human rights issues is also the second largest producer of crude oil (see Chap. 6). But whether it is a gigantic marketing ploy or a wholehearted attempt to accelerate the development of environmentally friendly cars is not the main issue here. Rather, it is to what degree Formula E is helping electric cars on their way to becoming mainstream.

THE SIGNIFICANCE OF TECHNOLOGICAL INNOVATION IN SPORT

A question arising from the discussion above is how technological innovations reach cultural acceptance. As mentioned at the beginning of this chapter, technological innovation in commercialized elite sport history generates two kinds of research: on the enhancement of sporting *performance* and on technology's impact on the *experience* of sport. Beginning with the latter, many sports organizations have explored novel ways of how teams and players can engage with fans through social media. Additionally, virtual reality (VR) and augmented reality (AR) technologies represent a current 'hot potato' in sport spectatorship. For instance, the local hosts of the Olympic Games in Paris in 2024 have made several statements about their work in using VR and AR technology to host virtual events for fans alongside the Olympics.² The COVID-19 pandemic has also led several sports organizations to experiment with digital technologies previously novel to sport. For example, in the Virtual Tour de France in 2020, the online game Zwift made it possible for fans to cycle the traditional stages of the race at home in the comfort of their living rooms. As

we will see in Chap. 4, Formula E has also made advances in the eSports community to race online.

In terms of performance, there has since the introduction of the modern Olympic Games in Athens in 1896 been a relative linear progression of athletic performance in elite sport. Historically, this is due to a number of converging factors, such as the professionalization of sport, technological innovations in sports equipment, the development of new techniques, the development of new scientific knowledge about training, nutrition and sports psychology, as well as increased participation in elite sport. Lippi et al. (2008) however argued that human physiology could only take athletic performance so far and prophesied that ‘future limits to athletic performance will be determined less and less by innate physiology of the athlete, and more and more by scientific and technological advances’ (Lippi et al., 2008, p. 8). Balmer et al. (2012) even claim that the increasing stagnation of world records and enhanced elite sport performance in Olympic events are caused by a lack of technological innovation in sport and describe it like this:

In the absence of technical or technological intervention, no general improvement in performance (i.e. across finalists) should be expected. Of course, this is not to say that an extraordinary performance could, for example, break a jumping world record, simply that, based on historic growth across finalists, there is no reason to expect further general improvement. (Balmer et al., 2012, p. 1081)

A similar argument can be made for motorsports. Without technological development that resonates with mobility trends in society, motorsport will lose its relevance as engineering laboratory and showroom for the most exciting products car manufacturers have. Today’s cars are generally faster, safer and more energy-efficient than in the past (albeit not always as muscular in terms of horsepower and the like). But whereas technological advancements hitherto have been sought after in the name of speed and safety, Formula E has added the challenge of increasing performance and reducing CO₂ emissions at the same time while making it ‘cool’ for ordinary car buyers. A relevant framework to analyse this situation was developed by Ringuet-Riot et al. (2014), whose rationale is ‘to identify needs and opportunities for innovation through technology advances’ (p. 2). The model consists of three parts, the first of which is determinants for innovation (environmental, organizational and managerial/individual).

The second part consists of a needs assessment, in essence ‘a problem analysis and a method that is used to map the needs and resources within sport organizations to better understand how services or programmes may serve an individual or group’ (p. 4). The third part concerns stakeholder relations, which in sport consist of groups and individuals described as ‘experts’ who have an objective and highly technical view of need, offer unique insights into need and act as arbiters of the need criteria based on their expertise and experience. Ringuet-Riot et al. (2014), p. 5) also ‘identified that few studies have reported key stakeholders’ perceptions of need for technology and process innovations in elite sport’. This could be caused by a weak identification of stakeholders, or an incomplete understanding of how stakeholder interactions could benefit innovation processes in a firm, given a particular target. Based on these elements, the operationalization of the model includes three phases: needs assessment, needs analysis and innovation and review.

To explore how this model relates to Formula E and helps us in our aim to develop a theory of sport management innovation, we have applied it to the relation between Formula E and car manufacturers. Principally, Formula E’s concept challenges car manufacturers to hone performance through innovations where success depends on adapting to an electric car, instead of just blueprinting solutions from other racing series. Although all FIA-governed championships have rulebooks laying down the principles for participation in competition, the room for creative engineering is larger in Formula 1 or the World Rally Championship (WRC), as only 20 per cent of the mechanical stuff of Formula E cars is said to be counted as being the ‘differentiator’ between teams.³ Apparently, the rest is about digitally ‘mapping’ the performance.⁴ Hence, the championship serves the purpose of improving the electric car as a racing product so that its benefits can be adapted to the road. As such, it continues a long tradition in motorsport. The list of things we associate with road cars stemming from racing is quite long and ranges from rear view mirrors (debuted at the Indianapolis 500 race in 1911) to caliper-type disc brakes (first used by Jaguar in a race in 1953) and traction-control systems (pioneered by Formula 1 in the early 1980s).

At the same time, the technology transfer between Formula E and ordinary car manufacturers is not yet a mass-scale phenomenon, as most vehicles are still conventionally built, engineered and designed, as well as being haunted by the everlasting problem of the lack of a charging infrastructure in many countries. Yet the relations are growing, especially in terms of

energy conservation. Whereas the three magic components in motorsport have been power, grip and driver, Formula E uses efficiency, efficiency, efficiency. Dilbagh Gill, team principal of Mahindra Racing, said in November 2019 that ‘the Mahindra car runs at about 95 percent efficiency, meaning 95 percent of energy is converted to power through the wheels, compared to 82 percent efficiency when the series started in 2014. That’s compared to about 82 percent for road EVs, about 49 percent for Formula 1 engines and 36 percent for combustion engine road cars.’⁵ Formula E, apparently, combines this legacy with particular attention to energy efficiency through material and digital reciprocity between race and road cars. As the battery technology is standardized and shared by all teams through an exclusive provider approved by FIA,⁶ it finds other ways of translating technological innovation to its road cars. As the weight of electric cars (due to batteries that are heavier than fossil-fuelled cars) ultimately impacts the range of electric cars—a common criticism—Audi, for example, has concentrated on reducing mass. BMW, on the other hand, re-uses software from its race car for the i3 model, as they both share electric motor control coding.⁷ Jaguar’s Richard Devenport says that ‘the company’s racing and I-Pace electric-car development efforts “a technology partnership,” noting that he “takes back relevant engineering” to the vehicle program and sometimes “the other way too.”’⁸ The marketing implications can therefore be vast, as the condition for turning EVs into a mass phenomenon is cultural acceptance and avoidance of the errors made by the VEL project in the 1970s.

THE CASE OF BMW

A relevant example to explore the link between technological innovation and brand added value in the context of Formula E is BMW. In an earlier study, Næss (2020) explored how Formula E sponsors utilized the championship as a way of ‘corporate greenfluencing’. Among the most eager to join Formula E was BMW, which is one of the most credible actors to have a view on this matter due to its successful motorsport history. Since its turn from making family sedans to sporty saloon cars in the 1970s—famously captured under the M logo (which meant that high-performance cars were named M3, M5 etc.)—the German manufacturer has now become one of the world’s premium brands, known for its slogan *Freude am Fahren*—the joy of driving. BMW Vice President Brand Strategy and Brand Management, Bernd Körber, said in 2018 that:

The BMW brand stands for sheer driving pleasure or simply: joy. That has always been the promise and purpose of our brand; it is our company's "why." (...) However, just as the world around us is changing dramatically, we are transforming how joy from its original intent of "joyful driving" to joy of individual mobility, as BMW is evolving from a car company to a tech company and a premium mobility provider.⁹

BMW brought this legacy to Formula E as a founding partner of the championship and an official vehicle partner since Season 1. Moreover, BMW in Andretti Motorsport, a full BMW works team in partnership with Andretti Autosport, has also been racing competitively since Season 5. In 2020, BMW extended its official vehicle partner deal with the Formula E Championship with something that was worth substantially more than the €6m (\$6.5m) per year the car brand is thought to have paid under the previous agreement. Jens Marquardt, motorsport director at BMW, commented in 2020 that a return to Formula 1—which BMW left in 2009, at the same time as the corporation's EV programme was initiated—was unlikely, because the race technology was no longer relevant to its road cars: 'The V6 Turbo Hybrid [used in F1] is an engine that has absolutely nothing to do with what we do in series production. From an engineering perspective, I have to say: hats off to what they do in Formula One, but the technology has no relevance for the road.'¹⁰ Oleg Satinovsky, BMW's Formula E spokesperson, emphasized two transfers of technology in particular. The first regarded weight control by testing materials such as resins, titanium and ceramics in the electric engine 'during the race season to improve future road-car electric motors'.¹¹ The second was stopping power, more specifically an electronic brake-by-wire system in its Formula E car and its X5 and X7 SUVs and 8-Series coupe this year. This system allows BMW to offer consumers of its M8 an adjustment for brake pedal feel for the first time.¹²

To some, these innovations may seem like mere gimmicks. But for BMW, the Formula E connection is apparently part of a bigger image overhaul. Although it focuses on hybrid technology in its road cars, it is seemingly out to make its all-electric cars typical for the brand, concretized by the target of a quarter of BMW Group vehicles sold in Europe having an electric drive train by 2021, a third in 2025 and half in 2030.¹³ A study by Blunck (2016) indicates that there are three reasons for the emergence of electric cars at BMW: political circumstances, a deeper commitment to sustainability and a chance to differentiate the product line. However, this

strategy, first passed in 2009, encountered obstacles in the form of a lack of know-how about electric cars. Blunck observes: ‘The demand for traditional expertise in mechanical engineering and metal works is expected to be replaced by a need for know-how in electronics, battery technology, and lightweight composite technology materials’ (2016, p. 78). It is therefore reasonable to see BMW’s engagement as representative—and even perhaps ideal, as underlined in the 2019 documentary *Racing into the Future: Formula E as Techlab for the BMW Group*¹⁴—for car manufacturers wanting to take part in Formula E as part of a technological and branding overhaul adapted to a small, yet growing, market.

Research on conditions for EV adoption in the US and Europe seemingly agree with Liao et al.’s (2017) findings that ‘uncertainty for technical progress has a negative impact on the intention to adopt an EV since EV is either considered as a “car of the future” or a “work in progress”’ (pp. 264–266) (see also Brase, 2019; Haustein & Jensen, 2018). A French study, acknowledging the flaws of the VEL project in the 1970s, also pointed out that the readiness for purchasing an EV was there (three quarters of the sample), provided that it did not cost more than a conventional car and that it met the traditional desires of seeing the car as an essential ‘accessory to life’ (*accessoire de vie*) (Centre d’analyse stratégique, 2010). Most research is on EV’s focus on the ‘neutral’ factors that potential buyers include in their assessments of whether to buy an EV or not: range, quality and cost. Hence, two important dimensions of the car as a social and cultural icon are overlooked: the relation to its mother brand and its role as symbolic differentiator, which are merged by the emotions that people have for their cars. By demonstrating that EV technology may even work in a racing car, BMW and others thus try to convince potential buyers that nothing from its mother brand is lost, even though the engine components are different from the key attributes that made them ‘sporty’ vehicles to begin with.

What may become the differentiator in the future, in theory aided by Formula E, is the difference between generations of car buyers. BMW’s Körber said that:

Right now, we are paying special attention to upcoming customer generations for premium mobility: the Millennials and Post-90s generation. How these consumers interact with mobility, media, and technology differs greatly from preceding generations.¹⁵

To meet the consumer preferences of these groups, Körber states that the BMW Group's corporate strategy is centred on ACES (Autonomous, Connected, Electrified, Services/Shared), which will be merged under the BMW iNEXT launch in 2021, and the BMW iNext, a big and all-electric SUV apparently designed to meet the less-than-objective desires in that market segment. Robert Irlinger, head of BMW's i division, commented that 'iNEXT will be "all-in"—everything we can do technology-wise in 2021 you will see in iNEXT. People have been asking why we've waited so long, but we waited for the next step in technology—it's not only battery, it's autonomous driving and it's also new systems for communication and connection. All this technology will be new in 2021.'¹⁶ In our view, iNEXT is a continuation of the line of thought found amongst car consumers in Moons and Pelsmacker's (2012) study. Using Belgian informants, their study attempts to rectify the innovation literature's lack of attention towards emotions as a cause of successful diffusion, and claims that 'Both in the general model and in all models for subgroups, emotions towards the electric car are the most or the second most important factor that determine electric car usage intention' (p. 217). Given that this still holds, BMW and others have realized that the environmentally friendly incentive will not be enough to convince potential buyers other than a small niche, and only then with generous political subsidies, unless the car appeals to those emotions usually attributed to driving and the brand itself. As emphasized earlier in this chapter, the cultural and social connotations of the car and the brand diversity of cars have a tremendous stronghold on consumer preferences due to their historical development as identity-generating symbols.

The choice of BMW to illustrate how car manufacturers think about the reciprocity between competition and road derives from Wilbaut's (2015, p. 90) claim from the eStory, Formula E's official pamphlet on strategy, that the concept has a bold, specific, concise and consistently communicated mission to 'Represent a vision for the future of the motor industry over the coming decades, serving as a framework for research and development around the electric vehicle, accelerating general interest in these cars, and promoting sustainability'. BMW's way of acknowledging this need—phase 1 of the model above—was to skip Formula 1 and enter Formula E as part of its corporate strategy for future mobility solutions. For example, a major incentive to enter Formula E was the championship's decision to have the same battery supplier for all teams. In phases 2 and 3 of the model, in which a needs analysis, innovation and the review

phases are concerned with the development of innovation solutions that address perceived gaps in knowledge and performance (Ringuet-Riot et al., 2014), BMW benefitted from the work by battery supplier McLaren's experiment with aluminium instead of cobalt as part of the liquid metal mix inside the battery. It could, if successful, save the car industry a lot of money (in that aluminium is cheaper than cobalt) and be reliably sourced from countries like Canada, instead of the home of cobalt, the Democratic Republic of Congo.¹⁷

It should be said that not all the technological innovations in Formula E—whether from car manufacturers of external parts or suppliers—are shared between stakeholders. However, as most of the innovations are closely kept corporate secrets, the competitive structure of Formula E and its stepwise progression when it comes to liberalizing the rules must be seen as a successful compromise when it comes to engineering creativity and cost control. Starting off with identikit five-speed Hewland gearboxes and McLaren-developed motors in Season 1, the subsequent seasons have seen an accelerating rate of innovations in line with the more flexible rules approved by FIA. In 2019, Phil Charles, Jaguar Racing's technical manager, said:

When we first started, the rear of the car was a metallic maincase and all the teams had carbon. That's just one silly little example, but the more important things like the motor, inverter, the drive components—we did a big step (...) All the internal bits are going bananas as well. If you tried to race now with our season three powertrain we'd be in big trouble.¹⁸

In this light, BMW's partnership with Formula E—and vice versa—can be seen as a reciprocal agreement, the consequences of which were access to and conditions for innovative solutions relating to electric cars (BMW) and access to and conditions for innovative impact on the car industry by having a major player on their side (Formula E). As such, the partnership is a useful example of the applicability of the model for sport technology innovation as outlined by Ringuet-Riot et al. (2014), but also as a building block for our own theory of sport management innovation. By utilizing the goodwill and resources of political, industrial and corporate actors in their bigger commitment towards a well-established need in society, Formula E managed on the one hand to strike a balance between low entry cost and high brand gain, and on the other a simple rulebook that has gradually become more technically complex.

Moreover, in the context of the ‘review’ cloud of Ringuet-Riot, Hahn and James’ model (2014), profitability may not be the overall target either, as manufacturers like Mercedes have voiced concerns that restrictions could remove the attractiveness of competing in Formula E. Mercedes team principal Ian James says: ‘I see it incumbent on all of us to make sure it doesn’t get out of control.’ For Dieter Rencken, a motorsport journalist who has followed Formula 1 and its drama closely since the 1970s, concludes: ‘That, and not growing revenues and profit sharing, would appear to be Formula E’s biggest challenge as its new season nears’ (Rencken, 2019). The next year, Rencken’s prophesy came to life as BMW announced that they would quit as Formula E team. According to the company statement, which by the way was questioned by several commentators due to the team’s poor results and internal disagreements,¹⁹ the official reason was the lack of technological progress in the championship: ‘When it comes to the development of e-drivetrains, BMW Group has essentially exhausted the opportunities for this form of technology transfer in the competitive environment of Formula E.’ To make things worse and emphasize the Formula E’s challenge with balancing its technological policy, BMW was accompanied by Audi in departing from the championship. It offered a similar explanation as BMW for its departure after the 2021 season, citing a thirst for more technical freedoms under ‘the most extreme conditions’ in which the Dakar Rally apparently ‘provide a perfect test laboratory for us in this respect’.²⁰

CONCLUSION

Technological innovation in elite sport often concentrates on ways of enhancing performance and, as of late, novel ways for spectators to experience major sporting events. Our analysis is that what is new with Formula E is the operationalization of the synergies between technological innovation and managerial innovation. According to Pinch and Henry (1999), ‘In the case of motor racing, and especially in the most sophisticated forms of the sport, such as Formula One, in which the emphasis is upon technological innovation, it is easy to conceptualise developments as “technically driven”’ (p. 680). Yet, Pinch and Henry, drawing on the emergence of Social Construction of Technology (SCOT) framework and Motorsport Valley in the UK, claim that societal circumstances influence technological development more than has been acknowledged by those who label motorsport as technology testbeds: to have an aim with these testbeds,

there must be a societal and cultural receptiveness to the outcome. This argument is supported by our analysis of technological innovation in Formula E in this chapter.

Unlike the French VEL project in the 1970s, which lacked technological know-how, receptive conditions and brand awareness—although the politicians believed they had it all covered—Formula E’s cooperation with car manufacturers has meant that the electric car has gained acceptance as a symbol of freedom, modernity, identity and lifestyle. This is obviously not caused by Formula E alone, even though a study by the global consultancy firm Ernst & Young, cited in Wilbaut (2015), claims that Formula E can accelerate the penetration of the EV market and make a positive impact on the environment by saving €25 billion on healthcare costs and productivity from pollution reduction. Also, in contrast to the attempts to introduce electric cars in the 1990s, when the electric car was for tree huggers only, some niche models like Jaguar iPACE and Audi eTRON actually sell well in electric car-friendly countries like Norway, because they harbour the same brand values as their petrol-powered sibling models but fail to reach the larger masses elsewhere.

However, as exemplified by the case of BMW, there is a danger in that the novel aspect of Formula E’s technological impact on motoring may wane sooner rather than later, unless the next generation of Formula E cars presents something radically new and strikes a new balance between allowing manufacturers to evolve technologically and avoid spiralling costs, as was the case in Formula 1 a decade ago and is still noticeable in comparison with Formula E. In 2019, for example, the cost of running Jaguar’s Formula E team was the equivalent of 6.4 per cent of Toro Rosso’s spending on Formula 1 (Sylt, 2019). Moreover, despite the numerous examples of technology transfer in motorsport history that continue into Formula E, they are only credible as long as the championship is one step ahead—or at least on the same step—as the road cars.

NOTES

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CHAPTER 4

Managing Commercial Innovation in Sport

Abstract Attracting fans fast is alpha and omega for a young championship like Formula E. But as the championship strives to differentiate itself from similar racing series and even contravene some of the traditions in motorsport, its fan base needs to be created just as much as found or attracted from other (motor)sports. This chapter explores this process of ‘creating’ fans in Formula E through commercially innovative features like the ‘FanBoost’ and other initiatives relating to concepts like co-creation, mediatization and the digital consumer patterns of Generation Y.

Keywords Digitalization • eSports • Generation Y • Sport fandom

INTRODUCTION

The most important tradition in four-wheeled motorsport is easy to summarize: get in the car, drive as fast as you can with all you have got, and then evaluate the race when crossing the finishing line. The responsibility for performance is in the hands of the driver, the team and the car (and sometimes the weather). This principle, which in many circles is as sacred as any religious ceremony, was breached with Formula E’s introduction of FanBoost, an e-voting service providing your favourite driver with extra power in the race. Although this blend of social media, racing tactics and favouritism for non-racing reasons may be difficult to accept for old school

motorsport fans, the reason for introducing this feature is simple: it fits with the marketing profile of Formula E, which is not the same as in any traditional racing championship. Rather, from the very beginning Formula E was a commercial enterprise with a desire to recast ‘the sport consumer’.

Research points to some general reasons as to why people become sport consumers. From casual joe’s to die-hard fans, they have all been socialized into cheering for a particular team, admiring a special athlete or supporting a particular sport due to their personal interests, social environment and backgrounds, religion or geographical roots in combination with the dominant culture of the sport itself (Asada & Ko, 2018; Earnhardt et al., 2012; Magrath, 2017; Mewett & Toffoletti, 2011; Pfister et al., 2018; Pope, 2013; Yoshida et al., 2015). Formula E, in contrast, is an eclectic venture in terms of sport consumption. One of the reasons is that unlike in other motorsports, the typical Formula E fan does not really exist, but must be created by invitation, facilitation and persuasion. So, although some desired follower parameters were identified beforehand—young, environmentally progressive, tech-interested and social media-savvy—the very shaping of the sporting experience in Formula E has ‘challenged the notions of how motorsports are experienced, performed, and defined’ (Jarvenpaa & Standaert, 2017, p. 4744).

In this chapter we examine Formula E’s ideas about how to be commercially innovative in sports centring on shaping the consumer experience in line with the greater purpose of the championship. In what follows, we outline commercial innovation as a theoretical concept. Additionally, we delineate our understanding of the ‘co-creation’ term and of co-creation as crucial to the mediatization of Formula E. Then, to explain why this framework is central to our theoretical model and understanding the commercial efforts of Formula E, we proceed by discussing mediatization processes in sport. Based on this framework, we then examine a number of efforts made to create the Formula E sport consumer through the website and ‘FanBoost’. Finally, we consider the role of eSports, which Formula E—somewhat surprisingly—has been slow to embrace as a co-creative space between product and consumers.

CO-CREATION AND CO-INNOVATION

Just as the ‘innovation’ term is not new (Schumpeter, 1983; Fagerberg, 2005), the term ‘commercial innovation’ is not novel. From our knowledge of the innovation field, commercial innovation has been used in

academic papers as far back as 1981, when Roberts and Peters (1981) adopted the term in their study of scientists and engineers with commercially oriented ideas at the Massachusetts Institute of Technology (MIT). Of course, it could be argued that adding the word ‘commercial’ to the innovation term, as Roberts and Peters (1981) did, is redundant. At least we should adhere to Schumpeter’s pioneering work on entrepreneurship and innovation, as that denotes an understanding of commercial success as the very end goal of any innovation. So why do we insist on dedicating a chapter to commercial innovation in Formula E in this book? While ‘commercial innovation’ might not have been a necessary term in Schumpeter’s time, the growth of the innovation field has made it indispensable today, because the end goal of innovation is no longer exclusively about financial gain or commercial success (see for instance, Chap. 5 for examples of social innovation). In many ways, the terms commercial innovation and social innovation represent opposite ends of the innovation spectrum, and it is partly due to the emergence of the theoretical concepts of social innovation and social entrepreneurship that we need the commercial innovation term today.

With regard to the innovation terms we utilize in this book (organizational innovation, technological innovation, commercial innovation, social innovation and community-based innovation), commercial innovation is when individual entrepreneurs, businesses or organizations develop a new idea with an end goal of introducing it to a market and profiting financially from it. Hence, commercial innovations (both in general and in sport) are often product innovations (Fuller et al., 2007). The sports equipment- and athletic wear industries are filled with examples of commercial innovations. The highly debated compression sports clothing is one such example. NIKE’s sports hijab is another, and a third example is Parris et al.’s (2014) study of female professional wakeboarders’ management of sponsorship and branding to gain competitive advantages and increase revenue. However, as Hyysalo’s early study (2009) of micro-innovation in sports industry development shows, commercial innovation in sport can also be process-based. Commercial innovations by large international sports corporations often relate to the ways in which sport products and processes are marketed (Fredberg & Piller, 2011). In professional sport, commercial innovation occurs through risk-filled activities involving market capitalization, competition, credibility and business activities (Ratten, 2011).

The above-mentioned examples however describe the innovation process rather step-wise. In contrast, several authors point to the unexploited potential of viewing commercial innovations as a co-created product or experience developed through iterative processes. Called co-innovation it denotes new ideas and approaches from various internal (the sport organization) and external sources (e.g. fans) being integrated in a platform to generate new organizational and shared values (Lee et al., 2012). The backdrop for this argument is that since the 1980s sport event management studies in particular have shifted from a goods-dominant logic (GDL) based on the deliverance of competitions to fans, to a service-dominant logic (SDL) providing experiences to consumers. Rather than assuming a relationship between provider and consumer, SDL therefore ‘advocates a network-with-network model of value creation that enables the central provider and beneficiary to integrate resources from actors connected with them’ (Woratschek et al., 2014, p. 12). By combining SDL with sport fan studies, Urich (2014) argues that customer-to-customer relations—or socializing with other fans both on and off the event site—contribute to people’s value perception.

But, to follow up on the claim that sport management research needs to go ‘beyond the inadequate perspective of many traditional theories and models’ (Woratschek et al., 2014, p. 20), any analysis of motorsport events needs to rethink the circuit of event value creation. Most motorsport studies define event value as financial output (see, e.g. Couto et al., 2017; Mackellar & Reis, 2014; Tranter & O’Keefe, 2004). Approaching the topic from a different perspective that is related to the SDL framework, it can also be argued that the fundamental economic offering of motorsport events is not services or goods, but experiences, here understood as the physical impression of amusement, education, escapism and sense-based encounters with the sport (Pine & Gilmore, 1998, pp. 30–35). A crucial concept for achieving this is ‘co-creation’, which despite numerous definitions can be understood as ‘a process that provides an opportunity for on-going interaction, where the organization is willing to share its world with external stakeholders and can generate in return the insight that can be derived from their engagement’ (Ind & Coates, 2013, p. 92).

Using co-creation as an instrument for commercial innovation directed at fan engagement requires insights into the particular consumption contexts (Horbel et al., 2016). Drawing on consumer culture theory, Horbel et al. (2016) emphasize that ‘the value consumers derive from an experience is something different than the interaction between service customer/

customers and the service provider as it ‘includes existing and imaginary customer practices shaped by consumers’ social contexts (“lifeworlds”)³ (p. 513). In this context, Formula E has focused on co-creation in the form of entrepreneurial probing, which according to Jarvenpaa and Standaert (2017, p. 4744) ‘constitutes of [sic] *deliberate provocation and open-ended dialog and conversation about need-solution pairs*’. Moreover, entrepreneurial probing is considered an engagement strategy:

Just as probes in general, entrepreneurial probes do not aim to seek general or average characteristics, to validate expectations, or to “solve” a particular problem, but rather to discover what previously was invisible or hidden. (Jarvenpaa & Standaert, 2017, p. 4744)

In the case of Formula E, which is Jarvenpaa and Standaert’s key example, this probing is primarily related to *mediatization* processes. This term should be understood as an overall effect of the media on all parts of society, and a transformative force when it comes to the character and function of sectors such as politics, business and sport (Pallas et al., 2014). Ever since the commercialization of the internet and the ‘X-gamification’ of sporting events joined forces in the latter half of the 1990s, the mediatization of sport has steered consumer preferences towards a festivalization of events, 24/7 access to sporting content through social media, and a naturalized blend of entertainment, education, eustress and escapism (Pons et al., 2006; Skey et al., 2018). More recently, Frandsen (2016) has explored various examples of sport mediatization, from the Tour de France to fitness apps and the work of Danish sports federations, in order to assess the magnitude of this phenomenon. Frandsen’s claim is that sports organizations find themselves submerged in a new wave of mediatization, which is far from uniform. However, it is concluded that:

it may result in further diversity in the institution of sport as well as making it more difficult to decide the exact influence of media and their ability to form social inter-action. But they are a powerful and essential part of change—because they are embedded in all the other institutional agents surrounding the world of sport. (Frandsen, 2016, p. 398)

This process has been a blessing to Formula E, in that it has allowed it to experiment with a wide range of co-creating features that match its core concept, and for that reason has enabled it to create its own sport

consumer profile. As mentioned in the introduction, though, some parameters were laid out beforehand. Tom Halls, Head of Digital at Formula E, said in 2016: ‘Digital natives are time-poor, cash-rich, and tech savvy. If you don’t offer them what they want, when, and how they want it, they just won’t be there’ (cited in Jarvenpaa & Standaert, 2016, p. 1). Instead of competing for the attention of the 35-year plus white male sport consumer that typifies a Formula 1 fan (Bradley, 2017), Formula E has targeted ‘young people, families, and groups interested in *sustainability* to increase the popularity of this new brand of motorsport’ (Wilbaut, 2015, p. 26). This strategy has resulted in an increase of 347 per cent among 13–17-year-old fans engaging with online content in 2018 compared with 2017. Moreover, the number of followers aged 18–24 has increased by 54 per cent since the 2017/2018 season.¹

THE CONTROVERSY OF FANBOOST

In light of what is discussed above it is little wonder that Formula E’s sport consumer activities focus on a digital universe in which the elements that are new to motorsport are especially highlighted. When creating Formula E’s consumer universe Dept Agency, the website developer integrated typical features that were tailor-made for the millennial generation (e.g. dedicated driver pages which pull statistics from Forix API data, enabling a variety of comparisons) with ‘social television’ (providing multiple ways to access content). These features were then integrated with other interaction platforms such as Facebook and Twitter. Yet, co-creation does not generate by default a positively emotional connection, which according to many studies on sport fandom is a necessary ingredient for establishing a lasting relation between sport and fan (see, e.g. Meng, Meng et al., 2015; Yoshida et al., 2015). Of all the website features in Formula E, FanBoost is by far the most debated. Although the feature has changed over the years, it works as follows. Anyone can cast a vote for their favourite driver in each of the season’s races, and the winner receives ‘a significant burst of power, which they can deploy in a 5 second window during the second half of the race’. The voting window opens 10 days before the race and closes 15 minutes into it. The vote is one vote per method, that is, via Twitter, the Formula E app or on the website, and an independent voting agency manages the process. Tom Halls, Head of Digital at Formula E, said that:

FanBoost is our unique selling proposition. It's like the speed boost in the Mario Kart video game; it really 'gamifies' the sport! Fans either love it or hate it; traditional motorsports fans do sometimes have a challenge with it. But the brilliance of FanBoost is that drivers and teams are reaching out to fans on social media so they can win the extra power. (cited in Jarvenpaa & Standaert, 2016, p. 8)

Fuming about this mockery of tradition, however, veteran motorsport journalist Keith Collantine wrote in 2014:

It's hard to say what is worst about it: the gross unfairness of giving more power to the most popular driver, the mealy-mouthed PR guff used to justify it as a means of engaging with fans via social media, or the way it's reduced top racing drivers to begging for votes on Twitter so they can have the extra boost. (Collantine, 2014)

Others, like Stef Schrader at the automotive site Jalopnik, ironically claimed in 2017 that the system could be twisted to support the slowest drivers, given that the real incentive behind the device was to increase the uncertainty of outcome ratio, a long-standing motive behind sport rule changes to increase excitement (Pawlowski, 2013).² The possibility for sport consumers to potentially impact the race by adding power for drivers to use when overtaking or defending their positions, or voting for those without a hope of winning, also received other types of criticism. Formula E racing driver Daniel Abt was the most outspoken critic. Despite being awarded the FanBoost several times, and as one of the most social media-savvy Formula E drivers out there (he once promised on Twitter that 'If I win it [the FanBoost votes] I'll go naked on the grid singing Taylor Swift songs'), in 2018 he had some serious issues with the system. Shortly after the 2018 Santiago ePrix in Chile, Abt stated on his vlog:

I know you work your asses off to vote for me, and I'm working my ass off to get you involved. But then there are some drivers who manage to cheat a bit (...) We were in front the whole time, but suddenly some drivers get a lot of votes overnight. Strangely, all the votes are from 12 cities in China. They must have an awesome fanbase there. Formula E knows about it, but they can't do anything because they cannot prove it properly. This is a catastrophe.³

Abt was assured that the system was immune to manipulation. Elsewhere, Formula E media delegate Luca Colajanni emphasized that criticism towards FanBoost in general was wrongfully addressed, as the championship was about the future, not the past:

The future will be about making sports fans part of the show, in the venue and at home. Even if a fan is sitting on the sofa, they still want to feel they can have an impact, to become part of the process. This is where FanBoost came from. The idea is controversial and difficult to accept, but we need to learn from the success of the reality talent shows and make fans the protagonists. (Performance Communication, *n.d.*, p. 30)

Equally unfettered was Formula E co-founder Albert Longo, who supported his people by introducing a larger canvas: ‘The motorsport purist may say that we are distorting the sport, but the reality is that you either adapt to the times or you die. The average age of most motor sports fans is already 65. If that is your audience, it is a sport doomed to death.’⁴

This development led Finn (2020) to see FanBoost as one of the purest symbols of mediatization in sport, where the media no longer replicates the experience of sport but also changes its very nature. Although the actual impact on the race standings is still under debate, there is no doubt that FanBoost has generated interest in the co-creation of sports and fortified the idea of Formula E as different than other motorsports. For drivers and fans, the interaction between the two became more important than before. Although the nature of fan-athlete engagement through social media has been explored multiple times, and is most notably described as a ‘parasocial relationship’ (Hartmann et al., 2008; Sanderson & Kassing, 2014), its implementation in motorsport has traditionally been more direct—without social media. In the FIA World Rally Championship (WRC), for example, which is run on public roads (that are closed during the competition), it was not unusual to fraternize with the locals and the fans along the route. As was once described by former world champion Ari Vatanen (see Næss, 2014), due to the remote service arrangement when teams drove into the forest, the jungle, the pampas, or wherever the event took place, it was not uncommon for drivers to work on their cars ‘in people’s backyards’ between the competitive stages. However, with the advent of social media, the generally introvert motorsport drivers had to get to grips with a new reality (Næss & Tickell, 2019; Spinda et al., 2009), which in the case of Formula E was part of their ‘survival’ as paid

employees of a racing team. To examine the relevance of this claim in the light of a different part of the co-creation process, we now turn to eSports.

THE INFLUENCE OF eSPORTS ON FORMULA E MANAGEMENT

In our view, eSports has an even greater potential for co-innovation than FanBoost. eSports became popular when large game producers began to collaborate with major sports organizations like FIFA, NBA and so on, and other major sports organizations started to get involved in the eSports scene (Finch et al., 2019). In academia, Skinner et al. (2018) claimed that eSports and Formula E and the connection between them were particularly relevant for future studies in sport management, in that eSports and the digital profile of the Formula E event converged. There are three reasons for this attraction to eSports: (1) it generates a lot of money, (2) gives new meaning to sport consumers and (3) is profitable for sponsors. Estimates say that, globally, eSports currently has 454 million viewers. This is expected to rise to 645 million in 2022 and increase at about 15 per cent annually. In other words, ‘the eSports and games market combined will generate more global revenues in 2019 than the traditional sports market or the film industry’ (Mangeloja, 2019, p. 35). With the acknowledgement of major sport governing organizations, and the growing market opportunities, eSports has become increasingly relevant for sponsors—notably those with an interest in the offline version of the competition, such as NFL or motorsports.

On the sociological side, the fan base of eSports is growing and, offering increasingly complex simulations of the real thing. Sturm (2019, p. 156), drawing upon Crawford et al. (2019), claims that ‘video games offer a translation of the meaning of sport, affording sport-themed experiences rather than simulations, with only selective themed meanings and structures on offer.’ Thus, to engage players and to embody the experience of play, themed sport video games give the sense of ‘the experience of an experience’ (Crawford et al., 2019, p. 7). In theory, this experience of experience is moreover open to all groups in society (García & Murillo, 2020, p. 182). However, the ongoing implementation of eSports by sports organizations is still controversial (Parry, 2019; Tjønndal, 2020), and the findings of García and Murillo referred to above are disputed by other studies of gender and sport gaming. The gender dimension still tears a rift in the alleged perfect meritocracy of gaming, as research suggests that ‘women continue to face stigmatisation, discrimination, and entry

barriers into new virtual sporting paradigms and gaming networks' (Hayday & Collison, 2020, p. 198). Furthermore, the introduction of eSports has produced some unintended consequences. A recent study of the launch of AC Monaco football club's eSports section found that while introducing eSports into an already established football club attracted new fans, it also developed two co-existing fan communities. That is, football fans largely ignored the new eSports launch and new eSports fans ignored the club's traditional football fan community (Bertschy et al., 2020). At the same time, there seems to be a growing perception of eSports as professional competitions. Rather than a hobby, eSport is to an increasing degree being considered 'a real sport' by the likes of IOC (IOC, 2018) and as a real tool for developing driver skills.

All these trends are discoverable in the case of Formula 1's approach to eSports. Sturm (2019) argues that Formula 1 games 'replicate a televisual rendering of "experience" in relation to the driver/team/car and the Formula One "Grand Prix" race itself (...) players are arguably interpellated into the visual and visceral Formula One driving experience via a series of illusory, sensory and haptic affordances' (p. 156). Formula 1, for its part, continues to invest a substantial sum of money and resources into simulations as part of their development strategy for team and car. But, as we will return to below, Formula E has been a lot less convincing in their eSport efforts than in their remaining sport consumer features, despite its marketing emphasis on millennials and that BMW, for example, has invested considerably in simulator training for its motorsport teams—including the Formula E outfit.⁵ Even more serious about eSports is Porsche, a company that joined Formula E in 2020 and organizes its own virtual racing series on the iRacing platform, with the Porsche eSports Supercup offering a US\$100,000 in prize money. Claudia Feiner, project manager for the eSports community at Porsche, claims that with eSports racing:

everyone can participate and find a personal favorite race. No matter what their gender or age, or if they face personal restrictions: only the lap time counts on the virtual race track. Virtual racing is an inexpensive way to get into racing without barriers. It allows people to live out their passion for speed, no matter when or where in the world—and under completely safe conditions.⁶

When the COVID-19 pandemic put physical racing on hold in 2020, Formula E's attitude seemed to change. Soon after the physical races were

cancelled, Formula E established an eSport series as a point-awarding alternative to on-track races for the actual participants. Video game company Motorsport Games partnered with Formula E to deliver an eight-race eSports competition with the first points-scoring race on Saturday, 25 April. Staging live events with participants and commentators in multiple geographies kept Motorsport Games busy, in what they described as ‘liaising with the drivers and teams, managing race control and producing the broadcast for both digital and analogue distribution complete with commentary. All of this was managed with our remote operations skills and technology.’⁷ Despite expectations of blending official Formula E racers and online qualifiers so that both could use the same Factor 2 simulator racing game, the championships were kept separate. Instead, the winner of the gamers’ competition won a test drive in a real Formula E car during a race weekend.⁸ To add some newness to the ‘Race at Home Challenge’, Formula E announced that it would use the occasion to raise funds for UNICEF to combat the pandemic, as well as invite guest drivers—including British racer Charlie Martin, the first transgender driver to be affiliated with FIA Formula E.

While the press releases made it seem like an impressive effort, it was bleak compared with other simulated (‘sim’) racing championships. First, the technical sophistication did not match the expectations of professional racing gamers. Formula E games have been leisure-oriented, while other simulation games have managed to create a compromise between accessibility and realism. In comparison, since 2017 Formula 1 has used the official F1 game on PlayStation 4, Xbox One or PC,⁹ and in 2018 FIA partnered with *Gran Turismo*, the racing franchise developed by Japanese company Polyphony Digital, which is arguably the most popular car game in the world, to set up an FIA-governed championships duo. By using the *Gran Turismo Sport* game, anybody can try to qualify for the FIA GT Championships Nations Cup (“Nations Cup”) or the FIA GT Championships Manufacturer Series (“Manufacturer Series”). Streamed live on YouTube, and arranged like any other major sporting event, the championships attracted real racers and simulated racers. Second, as the *Gran Turismo* is available to anyone with a PlayStation console, the potential for immersion—confirmed by the one of the authors who is an avid yet amateur *Gran Turismo* driver—is instant. The success of the series made *Gran Turismo* creator Kazunori Yamauchi reflect to the *Top Gear* media house on the ‘return’ of motorsport to popular culture:

I grew up in that era where the doors were open to everyone and I discovered the fun of motorsport in that way. I have this fear that unless we do something about it now, motorsports won't be able to exist in popular culture anymore and that's something that concerns the automotive industry as well.¹⁰

What is more, Gran Turismo is realistic enough to vouch for some serious eSports. The multiple Formula 1 Grand Prix winner Charles Leclerc won several eSport races in the spring of 2020, underlining that anything he did with a Ferrari brand on his sleeve had to be done seriously: 'The official virtual F1 races are actually quite serious—and we all want to win. This is good way to stay sharp and practise with pressure.'¹¹

In contrast, Formula E still seems to suffer from its former 'losses' in eSport initiatives, especially the 2017 Las Vegas eSport race that coincided with the Consumer Electronics Expo, which failed to deliver technologically and competitively. In 2019, it was expected from a game called 'Virtually Live Ghost Racing, in which Formula E allowed players to race against its drivers in real time. Despite the aim to replicate the success of Fortnite and the League of Legends' eSports properties by game developers, the games could only be used on mobile devices. Despite promises of a console version in 2020, real gamers remain unimpressed.¹² Overall, it would seem that the attempt to rejuvenate the eSport dimension of Formula E, both with Ghost Racing and the Race at Home Challenge during the COVID-19 pandemic in 2020, revealed the lack of strategic planning for an eSport extension of the championship. For one, the use of external or non-exclusive gaming partners also prevented Formula E from capitalizing on its gamification features. According to one commentator, when the showdown came, Formula E's eSport flaws became visible:

The broadcasting was hairy at times—understandably given the situation forcing the presenters to appear from different locations—but was generally held together well by the regular Formula E team of Nicki Shields, Dario Franchitti and Jack Nicholls. This was done in often fraught circumstances with full-on feedback hell and the obligatory delayed conversation that transported you back to a 1980s Eurovision link-up between the studio and some random Maltese jury.¹³

The same commentator also noticed a divergent crowd of drivers. Some approached this task with utmost professionalism, whereas others

seemingly could not care less about the race.¹⁴ Edward Hunter at the Formula E Zone website expressed similar sentiments, and remembered the first attempts during the E-Village e-races as unimpressive and the event as a ‘demolition derby’.¹⁵ Hunter, who also acted as commentator during the above-mentioned Las Vegas event and experienced the technical glitches at close quarters, claimed that it boiled down to the choice of game platforms and mobile applications moving them towards arcade racing rather than hardcore simulator (as preferred by racing eSporters, judging by the popularity of Formula 1 eSports). This, in turn, produced some multiplier errors, although as Hunter says, recent Formula E games include ‘faithful recreations of all the Formula E circuits on the calendar, and the developers do take a lot of feedback from the game’s community, although unfortunately, the player-base has dwindled significantly since the game’s initial launch last year’. He also argues that: ‘these games are fun to play if you’ve got a couple of minutes to kill, but make no mistake; they’re not esports games. Fans are simply crying out for something more in-depth and demanding on a console/PC title.’¹⁶

Although ‘Accelerate’, a new eSports initiative based on rFactor2 with a 100,000 euros prize pot was in earnest in early 2021, Formula E’s eSports strategy so far is odd for several reasons. First, because Formula E is innovative in other co-creating value areas of the championship, and second because eSports seem like a perfect match with Formula E (see, e.g. Skinner et al., 2018). Although the debate about whether eSports is serious and real sport is still vibrant, a sign of the future importance of eSports to Formula E *teams*—apart from the above-mentioned Porsche—came when some of the Formula E drivers became suspicious of fellow Formula E driver (for the Audi team) Daniel Abt at the eSport race in Berlin for not driving himself. After technical and tactical investigations, Formula E discovered that Abt had given the wheel to professional Austrian sim racer Lorenz ‘Lozbert’ Hörzing. Abt was therefore disqualified and ordered to pay 10,000 euros to charity.¹⁷ But his employer, Audi, was not satisfied, and fired him from the team. It is important to note that Abt was no backbencher. One of the three drivers who started in all 62 races of the Formula E series since its inaugural race in Beijing in 2014 and twice winner of Formula E, Abt started his Formula E career as a driver for the Abt Sportsline team, which is owned by his family and entered into a partnership with Audi in July 2017 to become an official factory team. Abt is followed on social media, YouTube and Twitch and takes his fans behind

the scenes, mostly through vlogs. Abt's explanation, released on his YouTube channel, was that it was all a prank:

This is a game, a simulation, but it has nothing to do with motor racing, with what I usually do (...). To be honest, I believe from an outside perspective it was not what constitutes a real Formula E race, the essence of professional racing. Our intention going into the races was primarily to entertain the fans at home rather than racing for results.¹⁸

Despite Formula E drivers being criticized for not taking it seriously on several occasions, Abt instead criticized the media for portraying him as a cheat, 'without giving me the chance to personally address the issue and explain what really happened'. Nonetheless, Abt seemed oblivious of the context here. Eloquently addressed by other Formula E and F1 drivers, even though they saw it as a game they understood that they were representing a major team or car manufacturer, and hence behaved in a way that was expected of them as a (well-paid) employee. Due to the fact that Audi is a serious corporation, and involved in Formula E, it terminated Abt's contract as:

integrity, transparency, and consistent compliance with applicable rules, especially with regards to the past, are top priorities for us at Audi. We stand by our culture of tolerating mistakes. However, the incidents that took place during the 'Race at Home Challenge' sim racing series were not a mistake, but a conscious decision to go against the rules (...) That is what makes the big difference for us.¹⁹

Although a competing Formula E team picked up Abt as a driver for the six real-world races in Berlin to cap off the 2019/2020 season, the drama illustrates the power of eSports in contemporary motorsport. The relation between physical and digital racing is not just about marketing reciprocity, but about changing the intersections of the sporting landscape. For example, a study found that there were motivational differences between different eSports, which led the authors to conclude that 'future studies should continue to treat games individually or at least continue to examine whether there is a need to treat them individually' (Rogers et al., 2020, p. 20). This may be one of the reasons why Formula E, which has had an ambition to recreate sport consumers in its image, struggles to capitalize on the eSport industry. As the sport consumer camps do not differ very

much from each other, it would seem that a precondition for success in eSports is a close and relevant connection to the physical event, rather than approaching it as a digital add-on.

CONCLUSION

Recent research on mediatization processes in sport, co-creation and co-innovation has shown them both to be part and parcel of commercial innovations in sport. Based on the explorations in this chapter, Formula E appears to have exploited them both but still lacks a ‘victory’ in its relationship with eSports. Thus, in order to use co-creation in sport to stimulate co-innovation, Formula E needs to take what is expected from an eSport event into account, because these expectations are based on consumers’ previous knowledge of eSport and motorsport. In particular, the problems associated with the eSports project have prevented Formula E from exploiting the potential of the younger generation’s sport consumption desires. This is surprising, because while the popularity of features like FanBoost and others are still debated, the innovativeness of approaching fan engagement through direct participation and unconventional means is undisputed.

This situation leads us to address the *quality* of commercial innovation in Formula E. As discussed earlier in this chapter, commercial innovation in sport is rich in controversial examples and for the most part touches on a recurrent theme in sport management studies: the balance between tradition and innovation. For sports organizations, respect for traditions and values is pivotal to legitimacy amongst its stakeholders (Legg et al., 2016; Saeki, 1994). At the same time, sports organizations need to renew themselves to avoid being pushed into oblivion, where there are no traditions left to protect. For Formula E, as a rather new sporting organization, this balance is perhaps more difficult to uphold than in other organizations, because most of its ‘traditions’ are inherited from other motorsports. Adding the culture of gaming to the mix is problematic. Whereas FanBoost was considered by racing fan critics to be too far removed from what is considered the essence of motorsport, eSports ventures are considered by gamers to be too close to the Mario Kart generation.

To create a community of followers and even fans, we argue that proximity to sporting traditions and a gaming culture—even if that may challenge Formula E’s commercial outlook—is more important than showcasing newness. For example, related to the importance of gaming

culture, one study of American sports fans found that they sought out the media for eSports and traditional sports for similar reasons, yet the magnitude of motives set eSports fans apart, ‘showing far more dedication and desire to engage with eSport content than in any other realm of the traditional sporting arena’ (Brown et al., 2018, p. 431). It can thus be argued that the most innovative approach to linking Formula E with eSport is that which pays homage to the racing traditions and gaming factors that define the physical event.

NOTES

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CHAPTER 5

Managing Social Innovation in Sport

Abstract In line with Formula E’s self-image as a change-maker in global motorsport it has also supported various social innovation programmes. Among these, we find a programme for enhancing gender equality in motorsports called Dare to be Different—Girls on Track, which this chapter discusses in comparison with the W Series—an all-female racing championship supported by Formula 1. Although both initiatives provide female racers with opportunities they may not have had otherwise, there is also a shared lack of consideration for the social and political circumstances which need to be addressed if the initiatives are going to make a difference.

Keywords Feminism • Social structure • Quotas • Talent development

INTRODUCTION

The way in which most sport is organized today requires a certain level of wealth and privilege to sustain participation over time. This holds true for motorsports, including Formula E. Even if we remove the economic barriers of paying for membership and sport-specific equipment, sport is riddled with hidden requirements that exclude individuals from prolonged participation (see, e.g. Kingsley & Spencer-Cavaliere, 2015). Due to such hidden exclusion mechanisms, it is not enough to study interventions and projects that simply aim at including more of a certain excluded and

marginalized group in sport, as there is little likelihood of such projects resulting in lasting sport participation. This is where social innovation comes into play. In contrast to economic-centred innovation perspectives that can be traced back to Schumpeter (1934, see also Chap. 1), social innovation is concerned with solving social issues (Nicholls et al., 2015) and tackling complex problems that cannot be solved by standard solutions or increased budgets (Kobro et al., 2018). Murray et al. (2010) define social innovation as:

New ideas that work to address pressing unmet needs, that are both social in their ends and in their means. Social innovations are new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships and collaborations. (Murray et al., 2010, p. 14)

Thus, social innovation in sport arises when athletes, coaches and sports organizations are faced with complex social issues that require new and creative solutions (Tjønnal, 2019). Studies of social innovation have explored issues such as social exclusion (Peterson & Schenker, 2017; Undlien, 2019a, 2019b), sport as a tool for the promotion of democracy (Gerrevall et al., 2018), innovation as new ways of organizing youth sports to avoid early drop out (Tjønnal, 2018) and innovative strategies to promote gender equality in sport (Hayhurst, 2014).

It is this latter topic that is of pressing importance to motorsport. Throughout its history, motorsports has been dominated by males and drenched with ideas that ‘racing spirit’, competitive characteristics and requirements for success are dependant on essential masculine traits (Kennedy, 2000; Pflugfelder, 2009; Shackleford, 1999; Sturm, 2011). With Formula E, however, there are tendencies that this domination is about to change due to the championship’s new perspectives on a key aspect of social innovation: ‘accessibility to sports, modes of transmission of sports knowledge and the organizing modalities for competitions’ (Duret & Angué, 2015, p. 374). The chapter therefore continues with a historical outline of why motorsport is so male-dominated before it turns to the establishment of FIA’s women in motorsport campaigns, in which Formula E has been instrumental in promoting. Thereafter, we outline two empirical cases of social innovation in motorsport: the W Series and FIA’s ‘Girls on Track—Dare to be Different’ initiative, in which Formula

E in the latter became instrumental in developing. Along the way, theoretical aspects of social innovation in sport are outlined.

COUNTERING THE MALE DOMINANCE IN MOTORSPORT

Since the early twentieth century, cars have been seen as a male domain. Pflugfelder (2009) argues that a monopolization of knowledge and use of car-related technologies, partly as a consequence of the male dominance of the workforce during the industrial period, culminated in ‘the social and cultural construction of much technology as masculine’ (Pflugfelder, 2009, p. 45). As motor-racing reinforced these values by emphasizing daredevils and extravaganza, it therefore contributed to shaping gendered perceptions of women drivers (Matthews & Pike, 2016, p. 1535). Ironically, in the light of the all-electric Formula E’s focus on gender equality initiatives in the early twentieth century, petrol-driven cars were said to be masculine objects. Electric cars, however, with less noise and mechanics, were considered more appropriate for women. The short range of electric cars was not seen as a major problem, since women were ‘forbidden to stray far from home anyway’ (Gartman, 2004, p. 174). As women would have none of it, they instead campaigned for their own participation in motoring life and motorsports. Their allies included the media, at least in certain countries, and when a female heiress to a race track complex lifted the ban on female racers in the 1920s, it induced a wave of female participants in high-level motorsports (Bouzanquet, 2009; Matthews & Pike, 2016).

Despite this momentum, women have continued to be marginalized in motorsports, even after competing in Formula 1 in the 1950s and achieving notable results in the Monte Carlo Rally in the 1960s, 1970s and 1980s—in the latter case with particular reference to the above-mentioned Michèle Mouton. Leader of FIA’s Women in Motorsport Commission (WMC), runner-up to the driver’s world championship in the WRC in 1982 and winner of Pike’s peak (the most famous hill climb event in the world), Mouton proved (as if that was necessary) that there was no biological or cultural reason as to why females could not be as fast as males in motorsport. Meanwhile, most likely due to the masculine ideals of motorsport and few societal incentives to change this perspective, major championships such as Formula 1 and WRC have been slow to acknowledge the potential of female drivers in general. There has not been a female driver in Formula 1 (only test drivers) since Italian Lella Lombardi in 1976, and

since Michele Mouton left WRC in 1987 there has not been a top ten placement for a female driver in a WRC event at top level. Even so, many professional female racers have been recognized as highly skilled drivers. Among many, we can name Katherine Legge—a former works DTM touring car driver from 2008–2010—who drove for the Amlin Aguri team in Formula E in 2014–2015.

In this context, it cannot be denied that societal forces often constrain the empowerment of women in motorsport, and that individual grit will only take you so far. One reason is the common stereotyping and sexualization of women in motorsport spearheaded by Formula 1:

In its representational links to the broader contemporary male gadget culture, Formula One seems to be trapped in *Stuff* magazine territory or an early James Bond film franchise time bubble of gendered relations and technology ... the predominantly male audience is addressed through imagery of pit babes or grid girls whose skimpy outfits (replete with corporate logos of course), passive roles (holding grid position number boards for care) and spray-on smiles associate “glamour” images with hi-tech race-cars and bravado-exhibiting male racing drivers in a fashion that is cartoonish in its perpetuation of old stereotypes. (Fleming & Sturm, 2011, p. 169)

In 2018, however, Formula 1 dropped grid girls in favour of ‘grid kids’, as the former was ‘at odds with modern day societal norms’.¹ The change led to an outcry by populist politicians, some fan groups, Formula 1 veterans, and, not least, the modelling community, represented by Kelly Brook who wrote for the British newspaper *The Sun*: ‘It’s probably not even occurred to these PC campaigners that the women might actually like the work.’² However, Tippet (2020) claims that grid girls are not just visual décor at motorsport events but rather normalize ‘restrictive gender roles in sport, with the acceptance of these roles reinforcing self-fulfilling prophecies of stereotypic beliefs and behaviours’ (p. 189). This removes the potential for seeing the grid girls debate as a productive example of the ‘transitional nature of feminist thought’ (Tippet, 2020, p. 197), where freedom of choice is part and parcel of an empowerment strategy.

Surprisingly, around the time the Girls on Track project was launched, Formula E founder, Alejandro Agag, dismissed the grid girls topic as barely worth commenting on. Despite the official stance to remove grid girls, several Formula E races kept them—sometimes by blaming it on the demands from local sponsors. Agag was not too worried, though, and said: ‘For me, it’s not the most relevant issue today [...] It should be a

non-issue. Sometimes we use kids, sometimes we should use grid girls. They haven't done anything bad, it's part of the visual tradition of motorsport.⁷³ Using a rhetoric similar to liberal feminists when discussing quotas and the like (Krook, 2008), as well as in the grid girls debate in Formula 1 (Tippett, 2020), Formula E co-founder Alberto Longo, the man who supported Susie Wolff's gender equality initiative so eagerly, turned sour in 2019. In his view, Formula E—and here a poorly hidden criticism of W Series emerged—was the only championship that supported female representation in motorsport 'on equal terms' (as men). Therefore, he saw a false dichotomy between supporting Girls on Track while retaining grid girls: 'It is a job like any other. And we have grid girls, grid boys, grid kids, and grids of everything.'⁷⁴

THE INTRODUCTION OF THE GIRLS ON TRACK PROGRAMME

Judging from the grid girls debate, achieving gender equality requires structural changes and social innovation initiatives from the motorsport organizations themselves. An example of the latter came from FIA in 2009, later the governing body of Formula E, when FIA's Women in Motorsport Commission (WMC) was established. Originally the brain-child of Frédérique Trouvé, a sports lawyer who worked with FIA from 2000–2019, the aim was to increase the representation of women in motorsport and develop social and educational programmes for female racers. Backed by FIA's management, among other things by establishing the official *AUTO+ Women in Motorsport* magazine, WMC nevertheless took its time to organize specific initiatives. Spearheaded by French motorsport personality Michele Mouton, WMC director and the most successful female motorsport athlete of all times, the first Women in Motorsport (WIM) International Seminar, organized by FIA, took place in Paris, France, in 2012, and the second in 2016 in Lisbon, Portugal. This led to eight recommendations for achieving FIA's goals of gender equity in motorsport. These eight recommendations are summarized in Table 5.1.

At first, the responsibility for implementing these eight recommendations was handed over to each national motorsport authority. This was expected, because FIA consists of national member representatives that abide by global competition regulations in return for the benefits of membership. But despite the prizeworthy framework, FIA has no authority to instruct these clubs to follow gender equality initiatives and instead refers

Table 5.1 WMC's eight recommendations for reaching FIA's goals of gender equality in motorsports

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- 1 Deliver practical seminars for officials and volunteers
 - 2 Identify role models and ambassadors
 - 3 Develop local programmes highlighting opportunities
 - 4 Develop young driver detection programmes
 - 5 Network drivers and sponsors
 - 6 Create social media platforms and communities
 - 7 Provide examples of career opportunities
 - 8 Promote materials that reflect equal opportunities
-

to best practice examples in the report. One example of best practice related to recommendations 2 and 6 is the Australian Women in Motorsport Commission (WAMS), where female motorsport officials are promoted in creative ways through social media in order to make girls and young women aware of them as role models. Still, as with gender initiatives in other male dominated sports, it seemingly takes more than goodwill from the international governing body to change the system.

In 2018, FIA's WMC launched the Girls on Track project. This was a two-year project funded by the European Union's (EU) Erasmus+ education and training programme to offer females aged 13–18 a chance to enter motorsports through karting. To boost the project further, a comprehensive toolkit on how to set up a national version of the Girls on Track project was published. National clubs could even apply for funding up to 50,000 euros.⁵ During the closing conference of the Girls on Track project in Brussels on 2 October 2019, two results were presented. First, 22 events in 9 countries saw more than 1200 girls take part in the project's activities during 2018, before a six-strong European Team was selected for the final at the Le Mans race track. From here, the six-person strong team attended two driver training camps, which included a sporting and an educational programme. After completing the training, the young women from Sweden, the Netherlands, Poland and Portugal were asked to reflect on what they had learned. Only one of the participants named a particular motorsport championship that they eyed as a future career goal. Sweden's

Maja Hallén Fellenius had Formula E in sight and an open-wheel motorsport formula ‘to be the first female world champion there’.⁶

One reason for this naming might be that shortly after the project’s launch Formula E came on stage with its own gender equality initiatives. One of the Girls on Track ambassadors, Susie Wolff, had already established her own foundation, *Dare to be Different*, in partnership with the British Motor Sports Association (MSA, now called Motorsport UK). A former professional racing driver who made it to Deutsche Tourenwagen Meisterschaft (DTM, a German-based, yet globally popular championship) and a test driver in Formula 1, Wolff retired in 2015 but then became team principal of the Venturi Formula E team in 2018. Due to these achievements, it was natural for FIA to ask for her viewpoints on how to extend the Girls on Track project. She raised the idea of increasing the age range to 8–18 years and a new initiative to run alongside selected events of the Formula E Championship with Formula E co-founder Alberto Longo, who immediately gave her the green light.⁷ Subsequently, The Girls on Track—Dare to be Different initiative was launched in connection with the 2019 Mexico ePrix Formula E race. In contrast to the racing-oriented past of the Girls on Track project, Wolff pointed out that this new initiative targeted girls aged 8–18 years in all aspects of motorsport: from the track to the pits, from the gym to practical STEM (science, technology, engineering and mathematics) activities and from the accounting offices to the media booths.

While these initiatives have made an impact on the motorsport organizations’ view on women in motorsport, it seems that the social and cultural circumstances that play a large part in getting girls into motorsport have been underestimated as a force for change. As part of the Girls on Track project, researchers from the Centre for the Law and Economics of Sport (CDES) at the University of Limoges studied how the sport’s stakeholders and public institutions increased the level of female participation and helped to combat gender stereotypes in motorsport. Although the researchers received very positive feedback from the Girls on Track participants in terms of satisfaction and relevance, they also concluded that in order to overcome gender stereotypes girls and young women need role models, better access, family support and an inviting grassroots environment (FIA Foundation, 2020). What is not mentioned by the CDES researchers, is the question of quotas. This topic reached the top of the agenda as another championship emerged—W Series (W for Women)—at the same time as Girls on Track—Dare to be Different was launched.

Engineered by Catherine Bond Muir, a British sports lawyer and corporate financier, the format of the W Series was simple, but effective: Female drivers only compete in identical cars on race tracks with some similarities to Formula 1, and see its all-female starting grid as:

essential in order to force greater female participation. W Series is a mission-led competition, the aim of which is not only to provide exciting racing for spectators and viewers on a global scale, but also to equip its drivers with experience and expertise with which they may progress their careers and eventually graduate to existing high-level mainstream racing series.⁸

Although W Series emulated the structure of Formula 1, including petrol-powered cars, it also led to a heated debate about gender equality initiatives in motorsport, which we will return to below. As such, it became a ‘competitor’ to the Girls on Track—Dare to be Different initiative, also in terms of the best way forward to decelerate gender inequality in motorsport. This begs the question of how managerial initiatives like Dare to be Different and the W Series represent social innovation in motorsport.

SOCIAL INNOVATION IN SPORT

Nicholls and Murdock (2012) suggest that social innovation can be conceptualized as three different types: (1) incremental social innovation, (2) institutional social innovation and (3) disruptive social innovation. *Incremental* social innovation is described as minor improvements in services or everyday practices at a micro level that seek to solve the social issues experienced by small groups of people. An example could be Hayhurst’s (2014) study of a martial arts programme for girls and women in Uganda. In the study she highlights how this programme is used to achieve gender equality for Ugandan girls by employing entrepreneurial tactics, such as training to be martial arts instructors, combined with agricultural activities, such as cultivating nuts. Hence, the martial arts programme encourages young women to become entrepreneurs themselves. Although her study can be read as an empirical example of incremental innovation in a sport for development programme, she concludes that even though these initiatives can bring some individual improvement for the women undertaking the martial arts programme, the programme itself overlooks the broader structural inequalities and gender relations that marginalize girls in the first place.

Institutional social innovations aim to change the existing social and/or economic structures by implementing social improvements. These innovations are aimed at the meso level and seek to find solutions to social problems experienced in larger organizations or networks of people (Nicholls & Murdock, 2012). An example of institutional social innovation in sport is Undlien's (2017, 2019a, 2019b) studies of the inclusion of people with intellectual disabilities as volunteers during the 2016 Winter Youth Olympic Games in Lillehammer, Norway. Undlien's studies show how this initiative created personal enjoyment during the event and had lasting social value, in that many of the volunteers were able to establish working relationships with local businesses and organizations that resulted in permanent jobs when the Games ended. Hence, institutional social innovations in sport differ from incremental social innovations in that they introduce improvements that go beyond the individual and affect organizations or networks of organizations. In Undlien's case, this is represented by local businesses and organizations recruiting a more socially diverse workforce by including young adults with intellectual disabilities.

Lastly, Nicholls and Murdock (2012) describe *disruptive* social innovation as innovations that seek to radically alter social systems and structural power relations in favour of marginalized groups of people. These social innovations attempt to solve complex social issues at a macro level. Naturally, such radical innovations—which point to the major ramifications of disruptive innovation in general (Christensen et al., 2018)—are few and far between in sport and in other social contexts. Sporting events, such as the creation of the Paralympics, the Special Olympics or the Homeless World Cup in football, could be counted as examples of disruptive social innovations in sport. An issue with disruptive social innovations is that it is hard to determine when something is 'new enough' or 'radical enough' to be considered a disruptive social innovation. For instance, have the Paralympics or the Special Olympics radically altered the structural power relations in sport? Most people would answer no to this question. The white, able-bodied man is still at the top of the hierarchy in the (elite) sporting world, while the disabled athlete remains marginalized and marked as 'the deviant'. Do, then, the Paralympics and the Special Olympics truly represent disruptive social innovation in sport? If they are not examples of disruptive social innovation in sport, then what is?

Unable here to pursue that debate further, we continue with assessing the type of Formula E's social innovation by comparing its contribution to Girls on Track—Dare to be Different with the recent development of the

W Series. We examine these initiatives through Hean's (2015) four phases that an idea has to go through to become social innovation. The first phase is the identification of a social need, the second is the development of solutions and responses to this social need, the third is the evaluation of the effectiveness of the new solutions (how effectively do they solve the social need?) and the fourth is the spread and adoption of successful social innovation. Table 5.2 presents a comparative look at how the FIA/Formula E collaboration and W Series fit into Hean's (2015) framework.

Although the initiatives from the FIA and the W Series indicated in Table 5.2 share the same initial problem, their solutions diversify from phase two of Hean's (2015) model. In terms of *developing a solution*, the Girls on Track—Dare to be Different initiative acts as a leverage to encourage girls and young women aged between 8 and 18 to get involved in motorsport at the grassroots level, but where the result of this involvement is a mixed gender motorsport environment. Susie Wolff is adamant that 'men and women should compete together. You get the best men and women that rise to the top. My main argument is that there's not enough girls even at grassroots level, so that in turn makes the numbers much smaller as you head further towards the top levels of motorsport. You have to go much further down the ladder, to even start that idea' (cited from Hicks, 2018). Invitations to join the activities related to a racing event are sent out to various schools in the region just before it is due to take place. Similarly, Mouton said: 'For us, the most important thing is to increase [numbers at] the base of the pyramid. If we want to have more women at

Table 5.2 Gender equality initiatives as social innovations in sport

<i>Hean's Innovation phase</i>	<i>The Girls on Track project</i>	<i>W Series</i>
1. Identification of social need	Lack of opportunities for girls and women to participate in motorsport	Lack of opportunities for girls and women to participate in motorsport
2. Development of a solution	The introduction of the Girls on Track project	The introduction of an all-female racing series
3. Evaluation of the solution	Partnering with the Dare to be Different organization to raise awareness in motorsport	Partnering with DTM and Formula 1
4. Spread and adoption of successful social innovation	Creating a new system to generate gender equality in motorsport	Refining the existing system to reverse gender inequality in motorsport

the top, we have to increase this base of the pyramid.⁹ Bond Muir, on the other hand, who unlike Wolff and Mouton had no experience of motorsports but a lot of experience of sports law, viewed W Series as a game-changer:

We are proudly disruptive, and W Series is committed to tackling gender imbalance in the sport that we all love (...) We all want the same things ultimately—mixed grids of male and female drivers competing against each other in elite motorsport. The current system has had over 50 years to identify and develop female Formula One drivers, so we believe the time is right for a radical new approach. If you do what you did, as they say, you get what you got.¹⁰

Reactions to this segregation policy were mixed. Some argued rather expectedly that it was a step backwards, because it would lead to speculation about whether the results and entry to other series—partly due to the prize money of 500,000 GBP, which to sponsor-starved female racers is a considerable sum—were the outcome of gender quotas rather than performance. British motorsport driver Pippa Mann claimed that the whole concept lacked credibility:

Three years ago I received an email. It was the type of email that makes your skin crawl and your blood boil. A consortium in Europe had unilaterally decided that what female racing drivers needed to further their careers was not the funding to keep racing, not support, and not the choice to race where-ever their experience placed them best, but instead that segregation was the way forwards. What's even worse than this idea is the fact that these clowns were serious (...) This stripping of power away from female athletes, in one of the few sports where men and women can and do compete equally, was being presented as a way to empower us? No thank you.¹¹

Others approved of the idea, but found the incentive too poorly designed to achieve the overall targets. Former Formula E driver Katherine Legge, in 2019 the first female driver to win a race during an ABB FIA Formula E weekend in the Jaguar I-PACE support series, was principally against the concept, but saw it as a Faustian bargain:

I think part of me is against it because I think you have to race against the best. So, in a way, I think it's putting the spotlight on women in a negative connotation. Why segregate us? It's one of the sports where men and

women can compete on equal footing. So I think it's a step backwards in that respect. Then I think, well, if I didn't have the money and I wanted to go into racing and they're offering this big purse, and then maybe if you shone there then you would get the opportunity that you wouldn't have had necessarily... I can see that, too. It's "tbc" in my mind.¹²

This view was shared by Ayla Ågren, who is the only female driver to have won a major racing championship and one of the selected drivers for the 2020 season in W Series. At first she thought it was 'lame' to have a separate championship for female drivers, but later changed her mind: 'It is a fantastic opportunity to show what you got, and with success it may open some new doors in the future.'¹³

A third view was put forward by former Formula E and Formula 1 test driver Simona de Silvestro, who played a major part in the Girls on Track—Dare to be Different initiative. She suggested that the W Series prize fund would be better invested in a scholarship system to support the development of talent across a wider range of motorsport disciplines. One example mentioned by Silvestro was an electric junior series where potential talent could be nurtured.¹⁴ As part of this she also called on major motorsport backers like Red Bull to invest in female motorsport talents which, compared with other female athletes sponsored by the Austrian brand, are more or less invisible. In European motorsport, Catie Munnings became the first female motorsport athlete in the UK to earn backing from Red Bull in 2019. Some even changed their minds completely about W Series. Claire Williams, the deputy team principal of the Williams Formula One team, and one of the most powerful women in the sport, told the *New York Times* in May 2019 that she was 'worried that it was a regressive step for women in motorsport and the promotion of that, purely from a segregation perspective'. Eventually, she acknowledged the aim of the series' creators, because 'it gives a platform for women that they don't have at the moment, and if anything accelerates the process of promoting women in motorsport.'¹⁵

This split continued into Hean's third phase, *the evaluation of the solution*. By partnering with Formula E, the Girls on Track—Dare to be Different initiative is used by FIA as a template for other championships. According to Mouton, FIA 'wants to showcase how the format of the event can be replicated by the FIA's national sporting authorities in many different countries, which is really important to support the on-going and increased participation of young women in our sport worldwide'.¹⁶ Support from the EU in funding the Girls on Track—Dare to be Different initiative

also created a link to societal development programmes outside motorsport with an emphasis on gender equality initiatives, for example those related to Agenda 2030's Sustainable Development Goals. However, W Series left national member clubs to FIA and targeted other high-level championships, because it seemed like a more efficient way of accelerating the entry of a female driver into Formula 1. A breakthrough came with the 2020 season plan—before the COVID-19 pandemic—which included six races on the DTM platform, as well as a support series at the Formula 1 races in Austin, in the US, and in Mexico City. Ross James Brawn, the British Formula 1 managing director of motorsports and technical director with a long history of running successful Formula 1 teams, said: 'We are convinced that our sport must offer equal opportunities for men and women to compete together—it is no coincidence that improving the diversity of the F1 grid by supporting and promoting driver talent from underrepresented backgrounds is one of our strategic objectives.'¹⁷ Much of this optimism was caused by the change in 2020, where the top eight drivers in the championship collect points for FIA's Super Licence system—a system that allows drivers to take part in Formula 1.

With regard to Hean's fourth phase (2015), the *spread and adoption of successful social innovation*, Formula E's initiatives are about rejuvenating the neoliberal element in motorsport. Although cash has been king in motorsport for the past 100 years and is captured in the slogan 'if you want to make a small fortune in motorsport you need to begin with a big one', there would seem to be a deeper ambition behind The Girls on Track—Dare to be Different initiative. Wolff, again: 'I'm not doing what I do to prove what a woman is capable of. I'm not doing what I do to make Formula E more diverse. I'm doing what I do to be successful. If that's inspirational, then great.'¹⁸ Muir's W Series underlined that it was more than a gender equality initiative confined to the race track, which is reflected in its commercial strategy. In other words, she relies on market forces to solve gender inequality. Apart from inducing social change on its own, Muir's W Series seeks to attract sponsors by offering more than 'a sticker on the car, or the sleeve of a race suit. We want to work with sponsors who will help to tell our story and move the conversation along. Motorsport has been a macho environment and we want to change that, so we want sponsors and partners who are going to do the same.'¹⁹ It is therefore reasonable to speculate as to whether this motive influenced the selection of W Series drivers. First, 54 contestants were reduced to 28 after a 'shootout' session, who were then selected to fight for the top 18 positions. The selection,

which followed a purported 70/30 per cent split in weight between driving and non-driving categories (e.g. team exercises, a presentation and fitness tests), was hotly debated because the evaluation criteria were not made public.²⁰ One of the participants even posted on Instagram: ‘They weren’t looking for the fastest driver but the complete package.’

So where does this leave Formula E in contrast to W Series in terms of social innovation? None of them can be said to represent a *disruptive* social innovation. Neither Formula E nor W Series sufficiently take into account the challenge that was pointed out by the CDES research team when assessing the Girls on Track project as a case study of gender equality initiatives in motorsport. The report highlighted that meritocratic ideals and target-focused initiatives for female motorsport representation do not fit well with the realities of socio-economic backgrounds, national sporting organization resources and cultural norms that create glass ceilings for females in motorsport (FIA Foundation, 2020). A similar sentiment was shared by Danielle Geel, a former go-karrier turned management consultant to Dutch-based Van Amersfoort Racing (which is competing in the FIA F3 European Championship, often named as a feeder series to Formula 1), who in 2018 received a lot of attention for her TedX Talk about being female in a male-dominated sport. Eyeing a top management position in Formula 1, Geel was resolute in her view: ‘I think it’s [the W Series] a good initiative to take a position: women can also race. I compare it a bit with the female quota in the Netherlands. It is good that it is there, but it does not solve the core problem.’²¹ This is worth emphasizing, especially as the study only looked at participants from European countries, thus leaving out Asia, where motorsport is a major industry and home to industrial giants like Hyundai and Toyota where corporate culture is conservative by many standards (Won & Steers, 2012).

On the positive side, Formula E’s role in the Girls on Track project has enabled *incremental* social innovation by integrating gender equality initiatives in their official career development scheme. To some degree, this move has also provided *institutional* social innovation. Although W Series will probably produce top-level female racing drivers at a faster rate than the Girls on Track—Dare to be Different initiative, the social ramifications are expected to be spread across multiple arenas, which in the long run should enhance female representation in motorsport due to its summative influence on gender equality. One of the reasons for this is the toolkit and funding opportunities that have been made available to all FIA member clubs on how to spark girls’ and young women’s own track initiatives.

What is more, social innovations are often complex and time-consuming processes and are not automatically, or always, positive. Social innovation processes can even lead to unintended consequences that negatively impact the implementation phase of the innovation (Sørensen & Torfing, 2012), such as sports policies or programmes aimed at the social inclusion of a specific target group, or projects aimed at increasing minority groups' participation in sport.

CONCLUSION

The Formula E's intention and managerial operationalization of social innovation in motorsport has played a significant part in setting the agenda for how to achieve gender equality. Although the idea originated within the FIA, the promotion of it and the follow-up of the female motorsport talents are very much dependent on Formula E's continued efforts. In terms of managing social innovation towards a disruptive level, which can be seen as necessary to revoke gender inequality in motorsport, Formula E is however hampered by its 'organizational hypocrisy' as exemplified by the debate on grid girls, that is, the situation where an organization satisfies one demand through talk, decides in a way that satisfies another and supplies services in a way that satisfies a third (Brunsson, 2006). The other reason why W Series and the Girls on Track—Dare to be Different initiative might have failed to achieve gender equality—as in equal opportunities and not just harnessing the top talent—in motorsports is that neither FIA nor W Series addresses the societal factors that ultimately influence female athletes' opportunities. For that reason, the FIA-backed Girls on Track—Dare to be Different initiative cannot be considered a disruptive social innovation in sport, although it can be seen as a precondition for getting there. The initiative benefits from the Formula E association more than W Series, despite some operational flaws and the fact that Formula E's operationalization of gender equality ideas is potentially delegitimized by its contradictory practices.

At the same time we don't see the W Series as a benchmark on gender equality initiatives in motorsport. To achieve disruptive social innovation more than quotas is required. For example, the inclusion of women's boxing in the 2012 Olympics in London can at first sight be seen as a disruptive social innovation in sport, in that it grants female athletes worldwide access to a realm of elite sport that was previously closed to them (Tjønndal, 2019). On the one hand, the inclusion of women's boxing as an Olympic

sport led to many countries increasing their resources for female boxing. On the other hand, women boxers have fewer spots in the Olympics than men. In the 2021 Tokyo Olympic Games, 54 slots have been allocated to female boxers, compared to 230 for their male counterparts. Hence, even though women now have access to the Olympic boxing ring, men still dominate the boxing world and the structural gendered power relations remain unchanged. This leads us to conclude that given that a disruptive social innovation in sport requires major changes in society, the introduction of inequality reducing mechanisms needs to be combined with changes in the perception of women in sport.

Because that change in motorsports requires media attention for other reasons than quota discussions, a new Formula E spinoff entrepreneured by Agag, called extreme E, shows a promising potential in this respect. Starting in 2021 it is an electric off-road racing series with events in the Himalayas and the Brazilian jungle where teams are composed of a male and a female driver competing together in every race.²² In this light, it is too early to pass judgement on how the Girls on Track—Dare to be Different initiative and Formula E management proposals have impacted gender equality in motorsport. Our examination of Formula E's contribution to social innovation in sport nevertheless reveals a potential for change. By allowing innovative ideas on gender equality to become part of the championship along the way, Formula E has become exposed to the societal barriers to more females in motorsport, which is a necessary next step to address if the gender equality efforts are to have the desired impact.

NOTES

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CHAPTER 6

Managing Community-Based Innovation

Abstract Like most sport organizations, Formula E allows countries with a poor human rights record to host events in return for the latter's assurances that societal progress is underway. This chapter addresses how this trade-off related to community-based issues is utilized through the logic of popular culture and open innovation tactics. Instead of criticizing the rulers of for example Saudi Arabia Formula E, apparently, use pop cultural stunts related to democratic reforms as channels for communicating 'subversive' statements on politically sensitive issues.

Keywords Reform campaigns • Sport-washing • Inbound/outbound innovation • Jouissance

INTRODUCTION

Whereas research on community-based innovation in a sports context is replete with case studies, marketing issues and studies of entrepreneurial action, this chapter focuses on Formula E's role as change facilitator in popular culture setting. While taking on the role as facilitator of a community-based innovation is not new to sport, the use of popular culture tools make Formula E separate from many other organizations. Apart from supporting 'traditional' community causes, such as paediatric cancer patients and their families through the Con Ganas de Vivir organization in Mexico City, Formula E has also ventured into communities that are less

supported by sports organizations and that operationalize ‘community-based innovations’ differently than others. As we will demonstrate, Formula E has chosen a hybrid between the business approach, where the cause is supported yet not intervened in, and the sport approach, where the intervention is almost instrumental in nature.

Grouping this kind of activity as ‘empowering communities’ with partners like the Prince Albert of Monaco II Foundation and The Climate Group,¹ Formula E’s participatory solution has been an open innovation that can be defined as ‘a distributed innovation process based on purposively managed knowledge flows across organizational boundaries’ (Chesbrough & Bogers, 2014, p. 17). For example, in the Open Talent Call, which is part of the Positive Futures programme discussed below, instead of merely acquiring the commercial rights and grooming employees to convey the corporate message, Formula E and FIA gather talent from outside the business and train them to become sports presenters elsewhere. As the underlying goal is to present Formula E in a way that is more authentic to its core market and stakeholders, it fits the claim from Bogers et al. (2018) that open innovation will play a key role in the developed economies over the next decade, ‘not least regarding the UN Sustainable Development Goals (SDGs) for 2015–2030’ (Bogers et al., 2018, p. 11).

Against this backdrop, the chapter discusses how and whether Formula E’s community engagement aligns with community-based innovation in sport in general. We also provide a critical perspective on Formula E’s community initiatives and value propositions by exploring specific cases to discern ways of facilitating open innovation and the possible pitfalls, which may be useful to other sports organizations. By addressing the challenges of awarding events to countries that do not comply with the championship’s emphasis on diversity, equality and non-discrimination, we discuss the risks of ‘sportswashing’ and whether the fact that Formula E is present in countries like Saudi Arabia and China has more leverage than staying away for human rights reasons. The conclusion is that rather than playing politics with governments and other stakeholders, Formula E concentrates on the power of popular culture.

DEVELOPING COMMUNITIES THROUGH SPORTS

The relation between sport and community development is as old as sport itself. No wonder, then, that the number of projects and ideas about how to combine the two has flourished, especially since the 1970s and the

birth of the sport-for-development field. But, as addressed by Schlenker (2012):

to achieve togetherness between diverse (groups of) people who are separated or divided—socially, culturally, politically, economically and/or geographically—they need to be brought together in consensual face-to-face contact and in social contexts where equitable interpersonal co-operation and group cohesion are fostered. (pp. 2–3)

A lot of research focuses on the circumstances that are necessary to make community-sport collaborations successful in different contexts (Anderson-Butcher et al., 2014; Wemmer et al., 2016). However, very little attention has so far been paid to how this relation could foster innovation. Although the focus is on inclusive processes and building something from below (see Schlenker, 2012), for sports organizations to be change agents, that is ‘external parties who help (communities) establish contact, open negotiations and develop projects for cooperation and sustainable development’ (Schlenker, 2010, p. 119), they need cultural skills and a sensitivity to local conditions. By emphasizing the potential for community-based innovation as the aim of this collaboration, rather than striving towards a pre-defined goal using standardized indicators, sport has a better chance of facilitating the complex and messy nature of ‘community’ as an arena for new thinking. Thus, the concept of community-based innovation is in many ways synonymous with the concept of open innovation, which Bogers et al. (2018) describe as either outbound (when enterprises reach out to the community outside their own organization) or inbound (developing ideas within the closed community of the organization).

Just as Bogers et al. (2018) differentiate between outbound and inbound open innovation, different sport contexts require different ways of thinking about what the community consists of and needs in terms of community-based innovation. For instance, community-based innovation can be used to describe innovation between individuals connected online, thereby encompassing a range of collaborative and competitive efforts (Seidel et al., 2016). In their early study, Fuller et al. (2007) adopted such a strategy by looking at how online basketball communities contributed to product innovation in, for example basketball shoes. In other contexts, community-based innovation is defined as innovation through the development of new ideas by individuals belonging to a physical (local/

regional) sport community. One example of this is Franke and Shah's (2003) study of innovation in a German sailplaning community and a German handicapped cycling community. They found that both (innovation-related) information and the innovations themselves were shared freely in these sports communities, and that the culture of collaboration and open communication that resulted was an important success factor.

In another study, Hoerber and Hoerber (2012) examined a community sports organization in a middle-sized Canadian city responsible for organizing adult football leagues for 175 teams (2500 players). Their study followed the development and implementation of an Electronic Game Sheet consisting of a set of handheld devices and player ID cards for tracking game-time information and a custom website for reporting scores and statistics. Hoerber and Hoerber (2012) concluded that leadership commitment, organizational capacity and involved and interested external parties were identified as determinants of this community-based technological innovation. Their findings also illustrate the multiple determinants of innovation at the managerial, organizational and environmental levels, some of which span the entire innovation process, while others are only critical at a particular stage (Hoerber & Hoerber, 2012).

Thirdly, community-based innovations can be framed as cases in which sports organizations aim to address various issues in a specific community. One example is Van Tuyckom's (2021) study of the development of neighbourhood sports in Bruges, Belgium, as a collaborative effort between voluntary sports clubs and community-based youth organizations. Despite such efforts by sporting organizations to aid community projects, Reid (2017) criticizes the application of sport as a lever for social change. This is not because he is against sports organizations doing something for their local surroundings besides sport, but that 'its individualising, quasi-religious optimistic script of harmonious social change without tension (...) deflects from political causes of local problems and structural changes needed for genuine social impact' (Nicholls & Cho, 2006, p. 87; Reid, 2017, p. 598). Instead of instigating real change, sports organizations are actors in 'fairytale narratives' providing cosmetic solutions to deep problems where the societal forces—as addressed in Chap. 5—are unaccounted for. Although this argument has been forwarded to FIA and Formula E via an external evaluation of the Girls on Track programme, the community-based innovation element of the programme is dependent on the bigger picture.

Notably, Reid's criticism is based on what he sees as the neoliberal foundation of projects aiming to elevate communities from poverty, exclusion and conflict, where the focus is on individual grit and thus ignores: 'how the odds are stacked against those at the bottom of the class hierarchy' (2017, p. 606). What is more, the political circumstances of whether sport can be 'used' as a lever to induce social change are crucial to address in any community programme. For instance, unless the history and culture of Bahrain is taken into account, it is difficult to see how sport could or should approach that conflict-ridden society or contribute to change (Næss, 2017). Similarly, in the context of the Black Lives Matter campaign, the relation between sports organizations and athlete activism needs to consider how the political climate reinforces the tension in which the various actors engage (Coombs & Cassilo, 2017). Others include the role of the media, especially social media, which is used by oppositional groups to 'challenge the public relations practices of host organizers and their media partners. For proponents, these new(er) forms of media provide the conditions of possibility through which the sport event media frame can be disrupted' (McGillivray, 2017, p. 1893).

From the review above, it would seem that in order to establish truly innovative community-sport collaborations, dimensions of power, class and the media need to be addressed. At the same time, this is more like a continuum than a dichotomy, with the exact location depending on a number of factors. What is more, research on community-based innovation seems to omit the role of *popular culture*, which, considering other kinds of research, and almost regardless of how 'popular culture' is defined, has been emphasized as influential in making social change happen. In Formula E, however, we have to include it.

POPULAR CULTURE AND SOCIETAL CHANGE

After the involuntary break caused by the COVID-19 pandemic in the spring of 2020, in August 2020 Formula E announced its #PositivelyCharged campaign, as part of FIA's #PurposeDriven initiative, 'to not only create an extraordinary racing spectacle, but to make a positive impact on the world'.² Among other things, the press release stated that through the campaign Formula E was 'United against discrimination in any form, by nurturing a culture of inclusivity that celebrates diversity in all its forms. We know this is a race with no finish line, but that doesn't mean we can't go faster.'³ The message was coordinated with several Formula E publicity

stunts and representatives—drivers, team principals and managers—offering their views to the public. For example, British Formula E driver Neel Jani, whose father is of Indian origin, urged the motorsport community to do more to combat racism:

It is a subject which has come up and needs to be looked after and everyone should stay on top of it, although it is clear you can exaggerate everything and go too far on certain things, so it is about finding the balance. But clearly things have to be done.⁴

To convey its own views, the Mercedes Formula E team said on Twitter that it would contest the season's final six races with an all-black base livery, 'taking a firm stand against racism and all forms of discrimination while advocating greater diversity'.⁵ Formula E's announcement was also linked to FIA's #PurposeDriven initiative and was specified by Formula E's 'Positive Futures' programme, which we will return to below. For sport in particular, this development is tied to the emergence of a 'sport media complex' (Rowe, 1999). Boyle and Haynes (2009) claimed that in 2008, 'sporting issues, inevitably bound up with the media, had never mattered more and appeared to extend into areas of society previously immune to engaging in such a high-profile manner with the business of sport' (p. 2). The creation of sport 'heroes' is one example (Lines, 2001), notably with the use of social media in recent years. Equally important is popular culture's structural influence on society and its reflection of certain societal aspects. While Gemar (2020) claims that in Canada sport consumption and cultural lifestyles are closely connected, Edwards (2010) reflects on this relation quite differently, by stating that: 'The deterioration of circumstances in America's urban centres, reflected so powerfully in popular culture, is having a decidedly negative impact upon the young men and women who are being recruited into sports today from elementary school through the high school ranks' (p. 69).

In contrast to those who see popular culture as a tool for structuration and argue that it reflects the divisions of society, popular culture can circumvent the conflicts of society by enabling 'a temporary triumph of process over product' (Whannel, 1993, p. 348) if the masses agree that sport is a conflict-free zone. In reality, though, and as we will return to below with the case of the Saudi Arabian Formula E race, popular culture is itself a contentious site of struggle. At stake, Whannel continues (1993, p. 348), 'is the power to define the nature of social reality—in this case the forms

that popular sporting pleasures can take'. Whannel (1993), who borrows much of his lingo from Barthes (1973), backs this up by claiming that the true power of popular culture lies in its *jouissance*, 'the moment when the spontaneous inspiration of performance escapes, fleetingly, the tendency of capitalist commodity production to transform all such cultural processes into calculated packaged objects for consumption' (Whannel, 1993, p. 348). Conclusively, whilst others see popular culture as a reflection of societal struggles sportingly manifested in class, race or gender, as addressed above, according to Whannel, sport holds 'out the possibility of remaining playful, of grasping pleasure and of holding reality at bay' (Whannel, 1993, p. 341). In what follows, we examine how this situation is exploited by Formula E and how it has utilized popular cultural elements to convey its community engagements.

Above we saw that success with community-based innovation often depends on how sports organizations incorporate societal forces and structures in their empowerment programmes, and how the media is used to convey the need for change or challenge the status quo. We first turn the Formula E's Positive Futures programme, which is due to be implemented in 2021 and, more specifically, the Formula E Open Talent Call, the aim of which is to find the next generation of young presenters. This competition is open to anyone aged between 18 and 24 years, regardless of background or experience, and first of all consists of a video-based audition. Following this, the top 15 talents will face a review round with Formula E insiders before four finalists are selected. From these four, who will all receive mentorship and training, one winner will be awarded a paid position as a presenter for the first race of the 2020/2021 season. CEO Jamie Reigle said:

We hope the initiative will create an opportunity and benefit us, primarily from an audience perspective, by allowing us to have a different tone of voice and a different approach in the content we produce. Our audience is younger and more likely to care about innovation and climate change so we want to talk to them in a more authentic way as well as create more opportunities and pathways for those looking to get into the industry.⁶

Its first winner, 21-year-old Derin Adetosoye from the UK, who had considerable experience in creating social media content already, later commented that 'I am so excited to be joining the remarkable Formula E

family next season and make my mark as the first black woman presenter for an international motorsports rights holder.⁷

This is only one example of facilitating open innovation in communities and catering to the YouTube generation, where the combination of personal branding and social media has enabled youngsters to pursue a certain career mode (Chen, 2013). Although Formula E is coordinating the Open Talent Call, it also allows partners ‘to benefit from the results of the innovation process and to exploit them in their own business processes, e.g. in the form of new products, services, new knowledge or through intellectual property right’ (Bergman, Jantonen & Saksala, 2009, p. 140). However, two kinds of open innovation can be said to exist. Formula E’s Open Talent Call can be defined as an *outbound* open innovation that ‘involves opening up a company’s innovation processes to many kinds of external inputs and contributions’ (Bogers et al., 2018, p. 7). The Call is strategic, because research on the broadcasting of Formula E races has proved that the green element has been downplayed in favour of traditional racing narratives (Robeers, 2019). Inbound open innovation, in contrast, ‘requires organizations to allow unused and underutilized ideas to go outside the organization for others to use in their businesses and business models’ (Bogers et al., 2018, p. 7).

In this latter sense, Formula E has played into the hands of its partners by supporting the liberalization of authoritarian countries without politicizing the process. The reason for this diplomatic approach is the danger of Formula E being used by politicians and investors in an attempt to refine the image of certain countries for economic and cultural reasons. Conceptualized as ‘sport washing’, numerous researchers have explored the ramifications of this trend, notably with Russia and Qatar as cases (Griffin, 2019; Reiche, 2018), but also as a general development in international politics (Kobierecki & Strožek, 2020). As for Formula E, a study in progress by one of the authors shows that while many of the characteristics of sport washing was recognizable in the Saudi Formula E races in 2018 and 2019, there was very little debate about it on Twitter. Rather, most of the debate that took place in motoring publications revealed that Formula E intended to use its presence to engender societal change through popular culture. In relation to the 2018 Formula E event, a TV documentary called *Race to Change*, produced by American LGI Media, was broadcasted. Bordering on a commercial flic, with reference to the first ever unsegregated concert (featuring famous DJ David Guetta and others), as well as flying in foreign influencers to enhance the country’s

image on social media, it also reveals the increased acceptance of women in society by the race organizers. Much attention was also given to Reem Al-Aboud, who in 2018 was only 19 years of age and the youngest woman to drive a Formula E car,⁸ and Reema Juffali, one of three GCC women to hold a race licence and be a driver in the Jaguar I-PACE eTROPHY support championship.⁹ The latter was something of a hype, considering the fact that the Saudi state had just granted women eligibility for a driving licence.

However, the critics emphasized the hypocrisy of Formula E's use of neutrality (as is common among sports organizations), yet at the same time legitimized the sitting regime's policies by saying that their country deserved a Formula E race. For example, in December 2018, Formula E's Chief Media Officer, Jerome Hiquet, said in relation to inquiries about the decision to race in Saudi Arabia that: 'First of all, we are a sports organisation. We are not a political one. So we are not commenting on that. Point two is that we are following the rules. There is nothing from a legal standpoint to say that we should not go there so we are going there.'¹⁰ Anything that is not illegal is OK, in other words. Almost the same sentiment was shared by Agag when asked about the same matter in a different interview:

Obviously, we are not oblivious to the events that happen in the world, but we do not believe it's our role to comment on the specific incidents and it is not our role to comment on politics. We think sport and politics should be kept separate. Also, we operate in the legal international framework, and no countries have imposed sanctions on Saudi Arabia, so I don't think we should be more strict than our own governments.¹¹

Agag's remark about governments being lenient with Saudi Arabia points to a necessary clarification of responsibilities. Whereas sports organizations are free to do as they like, as they are not bound by international treaties, conventions or deals on condemning human rights abusers, governments need to step up their efforts if they are going to be in a position to legitimately claim action from, for example Formula E. For instance, in 2016 FIA (albeit in good faith) awarded money to a Syrian motorsport community initiative and later learned that the money was used for propaganda by people associated with the ruling Bashar regime, which also happened to be on the list of people under sanctions by the European Union for their part in the regime's violent repression of the civilian population

(Næss, 2019). Although technically FIA had done nothing wrong, the funding procedures were revamped.

However, it is a long way from small corrections like these to the global boycott of the apartheid regime, a campaign in which FIA was one of the last sporting bodies to join in 1985. Moreover, that an organization calls itself neutral does not free Formula E of all responsibility, as reflected on by Archbishop Desmond Tutu regarding the idea of neutrality: ‘If an elephant has its foot on the tail of a mouse and you say that you are neutral, the mouse will not appreciate your neutrality’ (cited from Brown, 1984, p. 19). If Formula E’s core values and its operationalization of them are part of the Positive Futures programme, there is no easy way out for Formula E when it is simultaneously associated with countries with little concern for human rights and the well-being of their people. A combination of responses to this kind of criticism seems to be the chosen option. First, Formula E relies on incremental steps when it comes to changing the conditions for suppressed groups, such as females in Saudi Arabia. Agag again: ‘We want to be part of that change and, yes, it’s a big paradox and maybe even a contradiction that the biggest oil producer has an electric car race, but I think that is also a great symbol of how things are changing.’¹²

Measuring the impact of community initiatives by sports organization is, in general, difficult. Often subsumed under the heading sport-for-development research, Coalter (2013) divides it into ‘sport plus’ initiatives (such as the removal of barriers to sports participation for the general population or particular target groups) and ‘plus sport’ initiatives, where sport is a means to an end (such as using sport to bring large numbers of young people together to achieve the aims of social and health programmes). But there are problems with assessing the connection between thinking about sport as a vehicle for social progress and isolating the effects it may have on the community. A report by Coalter and Taylor (2010), which began with the hypothesis that ‘sport contributes to the personal development and well-being of disadvantaged children and young people and brings wider benefits to the community’ (p. 91), actually decided to abandon the ‘wider benefits’ part due to resource constraints and logistical factors. Similarly, according to Whitley et al. (2020), the methodology used to monitor the impact of sport on development projects is too instrumental and often fails to incorporate the nature of the ramifications of the intervention.

In contrast, it seems as though Formula E relies on conveying the ‘wider benefits’ through the power of popular culture as a way of changing

the social and political circumstances of controversial race settings. The Positive Futures programme turns inward to make the sport—and perhaps the holding company—more diverse and less characterized by a reproduction of knowledge regimes known from other studies of organizational change (Lyke, 2017). Formula E’s anti-trafficking policy also goes under most people’s radar, in that it uses popular culture to induce change in a piecemeal way, as elaborated by Whannel (1993). Two final examples of that came first in the form of the documentary, *And We Go Green*, broadcasted in June 2020. Freely available it was the result of a collaboration between Agag, Hollywood star Leonardo di Caprio (who makes a cameo in the film),¹³ and Academy Award-winning director Fisher Stevens (*Tiger King* etc.). Rather than digging into the difficulties of changing the world, it puts on a big song and dance, riding the wave where ‘Celebrity environmental activists help to advocate and to create awareness for ES by using their visibility through media presence and their accessibility to widespread audiences’ (Robeers & Van den Bulck, 2019, p. 1). As one reviewer said, it ‘is really a long commercial for Formula E, with a little soap opera among the drivers thrown in and a peek into the tech of the cars’.¹⁴

As for the prominence of DiCaprio, Robeers and Van Den Bulck (2019) demonstrate that he has been involved in environmental sustainability issues for quite some time. Moreover, his engagement goes beyond using his name to shed light on critical aspects of conventional racing and the automotive industry in general. Besides establishing the Formula E Venturi team in 2012, he also became chairman of the Sustainability Committee of Formula E three years later. Yet, according to the media content analysis by Robeers and Van Den Bulck (2019), this celebrityization is all there is to it. Despite getting attention and being applauded for his actions, the novelty of his engagement wanes as time goes by. Hence, Stevens the director, who knew little about racing and nothing about Formula E, had his doubts despite his good relationship with DiCaprio: ‘I was concerned about making a sport about privileged white men, really, in a time like this. That was like literally my first thought. There’s no women. There’s no Black people. There’s no people of color. These are spoiled white guys. Rich guys, most of them.’¹⁵ Although that impression would improve as Stevens worked himself into the world of electric racing, he—as an environmentalist working on de Caprio’s climate change documentaries in the past—still could not contain his cool when asked whether Formula E drivers got Agag’s message: ‘Not all of them. For sure, no. No way. A lot of them are there just because they need a gig. And then some of them are way into it.’¹⁶

The final example is the collaboration between the BBC and Formula E initiated in December 2020. By harnessing the co-production and co-innovation tendencies in sport as discussed in Chap. 4, this collaboration differs from usual fan-content uploading sites by inviting fans to share short films with a purpose. On the invitation form it says: We're looking for people around the world who have a passion for Formula E and are keen to share it. Is that you, or someone you know? How has Formula E accelerated change in a positive way for you or your community?¹⁷ Further down the form, which users have to fill in, it asks what it is about Formula E that makes 'you' passionate about the championship: the purpose (the fight against climate change), the sport (the intense and unpredictable racing action) or the community (its welcoming and inclusive ethos), to mention a few. The aim with this approach is to 'shine a light on the role Formula E is playing in the global conversation around electric vehicles', as well as provide data to BBC's 'proprietary research methods, involving state-of-the-art facial coding technology', which 'will be used to track the audience's emotional engagement and identify a new community of Formula E fans'.¹⁸

On the one hand, this exploitation of users' relation with media is a classic ingredient in popular culture studies due to how media use for many decades has been defined by evolving group identities (van Dijck, 2009). On the other hand, this new targeting of fans as responsible citizens and sport consumers at the same time however comes with some caveats. Studies examining the impact of user-generated content (called UGC) on tourism claim that pro-environmental UGC stimulates pro-environmental behaviour—but only if the tourists are receptive to the sustainability message beforehand (Han et al., 2018). Although some of the stories uploaded by fans will be developed into original short films shown on BBC throughout 2021–2022, the community-based engagement nevertheless risks becoming an interactive illusion (Jönsson & Örnebring, 2011) unless the limits to empowerment through popular culture are addressed and a diversity of opinions are included. Previous studies of UGC related to Formula 1 races reveal that they to a high degree mirror the official broadcasts (Chiu & Leng, 2019). Steering fans into sustainability issues, however, changes the relation. Unlike *And We Go Green* the Formula E has no control over the production of stories, but there is nothing that indicates that fans have any say in the selection process of the submitted content. Assuming that the selected content will have to be in line with the Formula E's brand strategy and the BBC's journalistic

standards, the political economy of popular culture, therefore, is equally important as the innovative features when it comes to topical guidance.

CONCLUSION

What this adds up is that the two types of innovation—inbound and outbound—are connected to such a degree that claiming to support diversity and non-discrimination on the one hand and allowing Formula E races to be held in suppressive societies on the other will impede the innovative capabilities of the organization. That is not to say that Formula E is all about glitz and glamour and no real incentive for societal change. For example, in 2017 Formula E publicized an anti-slavery and human trafficking policy. Three areas are considered particularly risky in this respect: the supply chain, event construction and local promoters, for which an action plan is outlined. The ownership of these actions is moreover delegated to various departments of Formula E, such as HR (policies and contracts), its Legal Department (anti-bribery and corruption training) and the Senior Procurement Manager (ethical employment standards).¹⁹ However, in terms of community-based innovation, the emphasis is on popular culture as a leverage tool.

In the context of how this chapter began, questions of racism, discrimination and social structures hindering lasting change cannot be solved with the tools of popular culture. Attention and media exposure are requirements for change, but are not sufficiently powerful in their own rights, as change agents are needed to make a structural impact. Boyle and Haynes (2009) refer to the incident in which Formula 1 driver and later multiple world champion Lewis Hamilton was verbally assaulted by racist chants from spectators during a pre-season test of cars in Barcelona in 2008. This led to an expectation from the media that FIA would strongly condemn these actions. Instead, the response was that: ‘The FIA is surprised and disappointed at the abuse directed at Lewis Hamilton. Abuse of this kind is a clear breach of the principles enshrined in the FIA statutes and any repetition will result in serious sanctions.’²⁰ To others, like *The Guardian* sportswriter Richard Williams, this was not sufficient.

you would think that it might have been in the governing body’s own interest to offer him the best possible protection and to inflict the sternest possible punishment on those by whom he is threatened in such a rebarbative manner. But no. (Williams, 2008, cited in Boyle & Haynes, 2009, p. 111)

In contrast to the more low-key response from Hamilton in 2008, his views on the Black Lives Matter campaign and actions in the wake of the killing of George Floyd by an American policeman in 2020 were forceful:

People talk about sport not being a place for politics but ultimately it is a human rights issue and that is something we should be pushing towards. We have a huge, amazing group of people that watch our sport from different backgrounds and cultures and we should be pushing positive messages towards them, especially for equality.²¹

Hamilton said of FIA that: ‘I will continue to work with them but do I believe they fully understand? I don’t know.’²² To Formula E, such engagement is important for its future work in community-based innovation, because unlike Hamilton, we believe that FIA and Formula E understand the seriousness of the situation and the potential that lies in actively defining the relation between sport and politics. By facilitating community-based innovation in both inbound and outbound ways, which the championship has done successfully to some degree through popular culture and even celebrity activism, it seems as though the goodwill that Formula E has built up will enable it to take the next step in organizing innovative measures for structural change.

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CHAPTER 7

A Model for Sport Management Innovation

Abstract In the previous six chapters we have explored Formula E's innovation history by means of examples, stories, outputs and sources. Based on an analysis of the findings and discussions, categorized into five types of sport innovation where we have drawn on the activities of Formula E, this final chapter theorizes some necessary conditions for sports organizations to be forward-thinking and introduces our model for sport management innovation.

Keywords Theory-building • Management innovation • Competitive advantage

INTRODUCTION

In this book, the Formula E phenomenon has been explored as a case for theorizing about sport management innovation. Drawing on Hamel's (2006) framework for management innovation, Formula E was chosen due to its mix of 'a higher cause' towards sustainability and the implementation of pioneering practices in organizational, technological, commercial, social and community-based contexts. Our model for sport management innovation, which derives from this exploration, is introduced below. At the same time, and as the exploration has demonstrated, Formula E is not a best practice example in all circumstances, and criticism of it as a dog and pony show is plenty. Therefore, we have applied a critical

perspective to both the championship's development history and the concept of innovation. In order to make the Formula E a case for others to follow, its shortcomings are as important as its successes.

As this book has explored the conditions for sport management innovation conceptually, and not as a testing ground for hypothesis, our theoretical grounding has been based on Jasso (1988), who—taking her cue from earlier theorists like Robert Merton and George C. Homans—claims that:

the purpose of scientific theory is to yield testable propositions concerning the relationships among observable phenomena. The heart of the theory, usually a small set of assumptions expressing connections between unobservables (combined with sentences defining the unobservables or describing how they are to be measured) operates as a device that enables the deduction (and possibly as well the induction) of propositions linking observations or classes of observations). (Jasso, 1988, p. 1)

In practical terms, a result of this approach is that theory 'may suggest models of the subject matter, so that a kind of a schematic description results. Such description can be thought of as a pattern into which ideas may be placed for convenience and clarity' (Skidmore, 1979, p. 3). Our understanding of theorizing towards this model draws on the three building blocks of theory development: what, how and why (Whetten, 1989).

The *what* concerns the factors (variables, constructs, concepts) that 'logically should be considered as part of the explanation of the social or individual phenomena of interest' (Whetten, 1989, p. 490). Bearing in mind Whetten's warning about authors usually factoring in too many elements (Whetten, 1989, p. 490), we decided to keep things simple and expand further research opportunities, instead of chasing a model that tried to cover all the exits. The *how* concerns the ways in which the selected factors are related. As Whetten advises, we have made a visual depiction of the connectivity between the theory's parts (Fig. 7.1). This does not mean an empirically tested causality chain, even though we agree with Whetten that: 'Although the researcher may be unable to adequately test these links, restrictions in methods do not invalidate the inherent causal nature of theory' (Whetten, 1989, p. 491). The *why* is a broader justification of these (assumed) causal relationships, or 'the theoretical glue that welds the model together' (neither Whetten nor his inspiration distinguishes between a model and a theory). Similar to Jasso's claim that an 'essential feature of the assumption set is internal logical consistency' (Jasso, 1988,

1. Is it possible?

Ideas are great. But they become greater if they are realized. In sport management the first step of our model is to assess whether – or under which conditions – the realization of the idea is possible. This precondition we term entrepreneurial circumstances, which refer to the complexity of the field you are working within in terms of it is open to new ideas or not.



2. Is it doable?

If the idea is possible to realize the next step in our model is to assess whether it is doable – or clarifying what is needed to operationalize a realizable idea within a relatively short timeframe. This precondition we term context-receptivity, which in sport management translates to whether powerful actors in society are sympathetic with the bigger commitment of your initiative.

3. Is it durable?

Having identified the proper context and means to deploy the idea, the third precondition is about creating the proper network of partners and consumers with which the business can collaborate. The importance of sport consumer engagement thus is more than seeking instant gratification, it is also about building a fanbase where the fan may be different than she used to be.

Fig. 7.1 A model for sport management innovation. Created with [showeet.com](https://www.showeet.com)

p. 1), a discussion about the why also providing a reason for colleagues to ‘give credence to this particular representation of the phenomena’ is in order (Whetten, 1989, p. 491).

Our response to Whetten’s how and why has been twofold. First, our analysis of Formula E applied the typology of sport innovation identified by Tjønnndal (2017). Based on an extensive literature review, she identified five innovation types: *social* (when organizations and individuals are involved in social innovation by contributing to society in a positive way through sport), *technological* (the development and implementation of new technologies and technological advancements in sport), *commercial* (which often relates to how sports products and processes are marketed), *community-based* (when sports organizations partner local community groups to encourage working towards a common goal) and *organizational* (when sports organizations and government institutions pursue institutional change projects). Second, empirical episodes from the development of Formula E were then parcelled into a fitting type and discussed chapter by chapter. The main takeaway from this analysis when combining

the findings is that Formula E as a ‘managed ecosystem’—which includes all types of innovation arenas—has been able to do what the originators of the concept see as a token of success: the capabilities to shepherd communities, leverage communities without exploiting them and share intellectual property rights (Altman et al., 2019). In this ecosystem, as explored through various aspects of the championship and its partners, monetary compensation is just one of the factors that explains the collaborative effort towards common goals. Other forms of capital are equally important, as contributors to the system ‘may gain experience, feedback from other community members, status, or other benefits (...) and they need to be convinced that this is worth their effort’ (Altman et al., 2019, p. 23).

Unlike the corporate authoritarianism in Formula 1, Formula E advances a different concept altogether to operate this managed ecosystem: inclusive stakeholder networking, encapsulate the racing in societal improvement efforts and attract women to the business and action instead of using them as ‘poster babes’ (notably with some embarrassing exceptions, see Chap. 5). Formula E—at least on the surface—therefore seems to tick all the right boxes. Yet, Formula E’s problem has not been convincing people that it is a good idea but convincing them to join the party and pay for it too. Although the early years were not as successful as one might think from today’s media hype, through clever management innovation, where targets have been achieved through shepherding, there is now, ‘a type of control that guides, directs, or steers rather than a more stringent control evident in more onerous contractual relationships such as vendor-supplier’ (Altman et al., 2019, p. 22; see Chap. 1), Formula E has grown from a start-up to a mature organization with a set of characteristics that are useful to other sporting organizations seeking to innovate its managerial processes. More specifically, we have discovered in Formula E a pattern of three processes that cut across all types of innovation and which have therefore become the basis of our model.

PROCESS 1: IS IT POSSIBLE (OR THE NEED FOR PROPER ENTREPRENEURIAL CIRCUMSTANCES)?

The first process—entrepreneurial circumstances—is included due to our sociological approach to entrepreneurship. Most studies of entrepreneurship are flooded with definitions and biographical accounts of great inventors and the like. Here, though, we align with Watson’s (2013) replacement

of the common view of entrepreneurs as ‘a special category of person’ (p. 408) with a group of people, an organization, or other corporate functions engaging in innovative deals benefitting the overall goals. It is therefore relevant that the societal aspect is included, since these entrepreneurial actors are embedded in ‘institutional logics’ (Watson, 2013, p. 413), which amounts to ‘a set of material practices and symbolic constructions—which constitutes its organizing principles and which is available to organizations and individuals to elaborate’ (Friedland & Alford, 1991, p. 248).

Expanding on new institutional theory, which emphasizes how organizations primarily change as a result of external pressure, studies based on institutional logics dissect the inner life of organizations. As evidenced by studies of institutional entrepreneurship, where the emphasis is on ‘the conditions and mechanisms that enable entrepreneurs to actively shape their institutional environment from within’ (Smets & Reihlen, 2012, p. 4), and as empirically explored in a previous study of FIA and its institutional logics (Næss, 2020), the facilitation of entrepreneurial capacities has a major impact on the development of hybrid organizations (those that are both corporations and non-profit entities). Principally, it exemplifies Watson’s claim that: ‘This presses them to innovate and devise new exchange relationships, this, in turn, pressing owners, leader and managers to act entrepreneurially’ (Watson, 2013, p. 414). In the previous chapters we have seen several examples in which Formula E’s management devised partnerships in all types of innovation fields. Had Formula E’s organizational integration tactics (see Chap. 2 in particular) only been concerned with one or two of them, according to the model the chance of success would have been much lower. Due to the interconnectedness of parties in Formula E’s reach, ranging from local vendors to global corporations and from community organizations to the UN, adhering to one institutional logic would not be sufficient.

Although Formula E is very much a B2B venture, it does—as noted in several chapters—rely on a business model where investments are far more important than revenue. These investments, which are conjoined by car manufacturers’ involvement in green mobility solutions and sponsors wanting to be part of the show, would not have been lucrative if a collaborative innovation approach had not been applied. Consequently, Formula E has practised an idea of entrepreneurial actors as those who ‘begin with the means available to them’ (Watson, 2013, p. 415), rather than searching for ways to realize a vision. This claim may seem odd given the airy ideas of Alejandro Agag and others back in 2011–2012, but the reality

then was that he and his partners leveraged resources ‘to manipulate the structures in which the resources are embedded’ (Tracey et al., 2011, p. 62). Similarly, as claimed by Smets and Reihlen (2012), drawing on the sociology of Bourdieu, ‘when conceptualized as a positional system in which actors compete for various forms of capital ... rather than a pure network of actors, the organizational field becomes the arena—and its institutional arrangement the focus—of competition between self-interested entrepreneurs’ (p. 5). In this scenario, where knowledge about the maturity of the field is related to the likelihood of change, so-called elite participants have more widely different points of view than ‘disadvantaged actors located in the periphery of mature fields’ (Smets & Reihlen, 2012, p. 5).

Despite Agag and his crew of co-founders, who can be considered as ‘elite participants’, an institution needs to be ready to accept new ideas. When Agag suggested the idea of Formula E to FIA President Jean Todt at a dinner in Paris in 2011, Todt used the institutional learning that he and FIA had acquired from global motorsports in the early 1980s, namely to take a proactive stance to harvest the entrepreneurial energy of the Formula E founders, rather than see it as a threat to FIA’s traditional governance. As explored in another study of FIA (Næss, 2020), this was possible because FIA practised ‘organizational emulsion’ as institutional logic. Although many organizations are hybrid in the sense that multiple logics co-exist or mix, this way of blending ways of operating an organization is unique due to its adaptivity to entrepreneurial ideas that challenge the current arrangements. When FIA—unlike IOC and FIFA—chose to separate the commercial and sporting branches of the organization in the late 1990s, following a battle with the European Commission, presidents Max Mosley (1993–2009) and Jean Todt (2009–t.d.) invoked the organizational equivalent of the chemical process of emulsions, which is either unstable or stable. The former state can be described as a process of mixing two substances that do not naturally mix. Shake them and they will come together briefly before separating again. However, by adding what in food science is called an *emulsifying agent*, a substance that prevents the two components from repelling each other, you get a stable emulsion—like whisking drops of oil into an egg-and-vinegar mix when making mayonnaise.

In contrast to media depictions of Agag as being on a crusade against old motorsport values armed with disruptive innovations, this agent is not contained in one drifty individual. Instead, we have found that Formula

E's entrepreneurial facilitation of incremental change in many small areas and many networks of the bigger phenomenon of Formula E is much more common. This stepwise approach to aspects of what the Formula E concept wanted to achieve (green technology, urban development and social responsibility, to name but a few examples), together with shepherding the communities taking part in the project and nurturing a productive relationship with the sport's governing body, worked well for Formula E sport entrepreneurs. In the case of Agag, Formula E and FIA, it means adding substance to the problematic and 'previously prevailing image of the 'heroic' entrepreneur who single-handedly takes on institutional structures' (Smets & Reihlen, 2012, p. 11). With this collective approach to sport management innovation, Formula E nonetheless reveals its dependence on partners for realizing its goals. Some of these goals, as discussed in previous chapters, are not achieved due to political circumstances (like awarding races to some of the world's most fossil-fuel dependent countries) or failure to finding the right partner (as in eSports). Formula E's facilitation of entrepreneurial circumstances therefore provides valuable pointers to its limitations.

DIMENSION 2: IS IT DOABLE (OR THE NEED FOR TIMING)?

The second dimension is context-receptivity. Caza (2000, p. 230) argues that a key to 'bringing process into the study of change and innovation lies in examining the simultaneous interaction of multiple contextual factors' and that patterns of interdependence are more important than the particular details (Weick, 1979, cited in Caza, 2000). To identify these patterns, Pettigrew et al. (1992) emphasize the difference between receptive and non-receptive contexts. Whereas the former refers to 'features of context (and also management action) that seem to be favorably associated with forward movement' (p. 268), the latter refers to features that could block an idea, concept or product. Similarly, in the *eStory* Wilbaut (2015, p. 79) emphasizes that Formula E caters to the concept of 'absorptive capacity', that is the ability to recognize the value of new information, assimilate it and then apply it to commercial ends.

More specifically, grading receptivity reflects how amenable a given setting is to any particular innovation (Caza, 2000). A framework consisting of eight factors determining the level of receptivity was suggested by Pettigrew et al. (1992) and summarized by Caza (2000). These eight factors are as follows:

1. *Quality and coherence of policy*
2. *Availability of key people leading change*
3. *Long-term environmental pressure*
4. *Supportive organizational culture*
5. *Effective managerial-clinical relations*
6. *Co-operative inter-organizational networks*
7. *Simplicity and clarity of goals and priorities*
8. *Fit between the district's change agenda and its locale*

Quality and coherence of policy entails ensuring a high level of consistency between concept, strategy and action plans. *Availability of key people leading change* refers to Pettigrew et al. (1992) and the ability of leaders to relinquish hero leadership ideas and instead concentrate on practising leadership as a way of building trust amongst employees as a leverage towards a common goal. *Long-term environmental pressure* relates to institutional logics (as addressed above), in the sense that sports organizations are influenced by their non-sporting stakeholder relations, which can create new incentives for organizational change. *Supportive organizational culture* refers to the circumstances that leaders and managers harness in order to reach the organization's goals and make the process as enriching as possible. *Effective managerial-clinical relations* mean well-functioning patterns of interaction between frontline personnel and executives. *Co-operative inter-organizational networks* address the necessity of co-creation through bottom-up networks to establish sustainable change. *Simplicity and clarity of goals and priorities* connect to Formula E's objective of creating a sustainable and spectator-friendly motorsport championship while making money for its investors along the way, despite the tremendous complexities in achieving it. *Fit between the district's change agenda and its locale* draws on factors that are seemingly beyond the management's control, but which are nevertheless important as potential obstacles (or opportunities) for change.

In practice, these factors interconnect. Girginov and Sandinski's study (2008) of organizational changes in the Bulgarian hockey, swimming and weightlifting federations during the transition from communism to democracy exemplifies this claim. Identifying some of the factors influencing and creating the change, they suggest that 'changing should be seen as a combination of a myriad of culturally specific transformations unfolding over time, which when taken in their entirety more fully inform our comprehension of organisational change' (p. 45). In line with historical

sociological studies in general (Calhoun, 2003), we argue that ‘sufficiently long’ timespans related to organizational development must be justified as relevant to the research topic. For our purposes, the timespan is not really a choice, as Formula E was launched as an idea in 2011, established as a championship in 2014 and approved as a world championship by FIA in 2020. At the same time, though, we acknowledge that in order to identify the factors influencing the context-receptivity of Formula E, we need to go further back in time. In line with how institutional logics theory emphasizes historical contingency—the notion that the core logic is subject to a number of prior events, circumstances and choices that are interconnected (Skelcher & Smith, 2015)—the current status of the car cannot be sufficiently explained without a broader view of its development in general and its relation to green mobility debates, electrification and identity-generating processes in particular.

That is why in Chap. 3 we briefly traced the development of the car in the twentieth century and the beginning of the twenty-first century and explained some of the reasons why the electric car was relegated to the tiniest of niches of car consumption available until Tesla came along. Tesla’s presence, alongside political initiatives in Europe to reduce carbon dioxide emissions and measures that force car manufacturers to take greater responsibility for the climate, enabled Agag and his partners to take advantage of this momentum through motorsport. What is more, the technological advancements of electric cars, and cities’ and corporations’ increased interest in including ecological sustainability work in their corporate social responsibility (CSR) policies, paved the way for an unholy alliance between car manufacturers, sponsors and politicians. With Formula E, racing in city areas and offering a complete concept that could be adapted to local desires across the globe with media coverage tailor-made for Generation Y, the family atmosphere at E-Village, and the integration of stakeholders in the event format as discussed in Chap. 2, a new way of drawing attention to the climate cause was established. By providing an action-filled part of the solution to a higher cause, that is what in Chap. 3 is dubbed as the double bind of late modernity, environmental sustainability and economic growth (Eriksen, 2016), Formula E has become an attractive partner to those striving for better living conditions. Its challenges, as noted in Chap. 2, mostly relate to financial calculations of the value of hosting these events and the debate about who is going to pay the bills.

DIMENSION 3: IS IT DURABLE? (OR HOW TO MAKE THE CONCEPT LAST)

In order to be durable as a concept, and not just strive for eco-friendliness, Formula E cannot remain a business proposition for ever, regardless of how many ISO certifications it gets or how many heavy corporate actors support the races. Therefore, the final element of the model is drawn from the part of Formula E's history that reveals the innovation pitfalls and potential of entering a sport in which conservative culture and norms dominate. Although that topic could be explored in many ways, our focus is on how the Formula E sport consumer was created. As Formula E was a brand new offering to motorsport followers, and gained a lot of attention for some of its fan features, such as FanBoost, the championship could approach the sport consumer without necessarily using existing motorsport fans as templates. Establishing a fan base is important, in that any commercial sport initiative would fail without it. According to Silva and Casas (2017), the equation is easy: 'without fans there would be no demand to show games on tv and pay for those rights. In fact, without game-attending fans clubs would have problems attracting sponsors. The initial driver for a sport club's growth is the development of a fan-base' (p. 35). In 2018 in the US alone, spending on attending sporting events, including tickets, transportation, food and beverages, totalled \$56 billion¹ and has therefore been the subject of many categorizations and ideal types in research (Runyan et al., 2009; Samra & Wos, 2014; Yoshida et al., 2015). Approaches to how fans can be understood include behaviour analyses, fan engagement channels, socialization incentives and brand personality relationships, to name but a few.

Former strategies for coping with the 'mediatization of sport' along these lines often point to segmenting sport consumers for conventional media or focusing on digital behaviour patterns. In contrast, Formula E combines segmentation (focusing on Generation Y) with blending online and on-site consumer engagement activities. Conceptually this mix is not new, but the way it has been implemented by Formula E as a sport experience design, or 'SX' (Funk et al., 2016), suggests that there is a need to examine its qualities from the perspective of the *future* fan. Three factors influence the SX design: the sport user, the sport context and the sport management (Funk et al., 2016). Seemingly, Formula E saw the sporting experience as central to the fan-building process. It can be argued that the fundamental economic offering of motorsport events is not services or

goods, but experiences, here understood as the physical impression of amusement, education, escapism and sense-based encounters with the sport (Pine & Gilmore, 1998, pp. 30–35). Vital to this experience was the idea that the engagement of future fans on the basis of their characteristics is meant to be enacted in an increasingly diversified media, which could potentially create shorter attention spans and more distractions. Luca Colajanni, a Formula E media delegate, explains it like this:

With previous generations of sports fans, if you were watching you were watching. Full stop. There were no distractions from tablets, smartphones or social media. Today, young people's attention is stretched. They have more choice, and they are more easily bored. They don't want to spend time watching a show that lasts more than two hours. That's a matter of fact. (Cited from Performance Communications, n.d., p. 30)

While both new and old kinds of fan engagement have been combined in motorsport, for example by Volkswagen's 'Rally the World' campaign in WRC (Næss & Tickell, 2019), their transmedia storytelling principles are not necessarily transferable to an entire championship's promotional platform—and most certainly not as capable of justifying a conceptual model. As a consequence, we wanted to explore, with the use of Formula E, how sport consumer engagement is created, rather than maintained.

First and foremost, in Chap. 4 we examined how Formula E reached out to Generation Y with new features that could engage people in the sport, such as FanBoost. An interesting find was that if your sporting organization promises to be high-tech, the expectations are even higher when it comes to gaming-related sport consumer content. Although the eSport initiatives and gaming projects in Formula E were not that bad, they were considered below standard in the light of the championship's remaining focus on technology of the future. Second, we drew a wider picture of sport engagement by including how Formula E has made its mark on social issues, such as gender equality (Chap. 5) and community-based innovation projects (Chap. 6). Similar to how corporations attract talent through CSR policies in various parts of the world (Bhattacharya et al., 2008; Simpson & Aprim, 2018), Formula E has apparently tried to gather followers by stating its responsibility for things other than racing—such as with its recent partnership with BBC discussed in Chap. 6. At the same time, this is also the element in the model where Formula E has the most to gain in terms of being as equally innovative as its business. The rhetoric

surrounding the races in Saudi Arabia and the use of popular culture to induce change without saying aloud that it is needed, and the support of the Girls on Track programme without taking social circumstances sufficiently into account, are two examples in which Formula E could have been truly disruptive in the light of the neutrality policies in sport organizations worldwide. However, it remains to be seen how the #PositivelyCharged campaign works out in terms of the general rise of athlete activism in sport (Gregory, 2020).

CONCLUSION

Does Formula E, as claimed by Skinner, Smith and Swanson (2018, p. 265), constitute ‘perhaps part of not only the future of sport but also the world’? Although our study of its innovation history is not sufficiently rich to answer that question, it nevertheless provides valuable input on how to solve the management challenges sport organizations are facing if they want to realize organizational goals. By exploring the four phases of management innovation—dissatisfaction, invention, inspiration, and validation (Birkinshaw & Mol, 2006, p. 85)—with Formula E as case example, we created a model to flesh out the concept’s theoretical implications for sport organizations that desire innovativeness.

At first sight, this model may not come across as particularly inventive. But this is a conscious choice, which is derived from our understanding of theorization introduced in the beginning of this chapter, as well from our intention to generate practical implications from our study. Like in many other studies, newness in a managerial context is viewed relative to the unit of adoption which makes it necessary at the organizational level of analysis, to consider innovation as new to the organization or the field it is located within (Damanpour, 2014, p. 1269). For sport management innovation purposes, in both research and practice, this is an important finding. Hopefully it contributes to a shift of attention from the sometimes pointless quest for newness as ‘never seen before’ to newness as creative combinations of existing, well-functioning ways of running an organization.

We therefore argue that the management innovation of Formula E fulfils the conditions Hamel (2006) pose as requirements for being a competitive advantage. By challenging management orthodoxy systematically and developing alternatives along the road, the previous chapters have exemplified how key agents in Formula E have shaped motivation,

invention, implementation, and theorization and labelling—processes that collectively define how management innovation comes about (Birkinshaw et al., 2008). This conclusion makes our model applicable to other sports in a similar situation as Formula E, either for assessing the sport management innovation status of the mature organization, or as a tool for reviewing new ideas in sport start-ups that may become the next green saviour out there.

NOTE

1. ‘Measuring The Cost Of Being A Sports Fan’, *Forbes.com*, 30 September 2018. Retrieved 15 April 2020 from <https://www.forbes.com/sites/kristidosh/2018/09/30/measuring-the-cost-of-being-a-sports-fan/#eb673745c54a>.

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