

# What the WRU could learn from the Irish Rugby Football Union business model

The last fortnight has seen Welsh rugby stagger from crisis to crisis with the threat of an unprecedented strike by the men's rugby team only being averted a few days before the Six Nations match against England.

Whilst there was agreement over changes to players contracts, it seems to be a temporary sticking plaster until a thorough root and branch reform of the governance of the game in Wales takes place.

Yet, this is not the first time there have been rumblings about the future of Welsh rugby and nine years ago, this column discussed an academic paper examining the Irish Rugby Football Union (IRFU) as a case study of how an organisation had responded to uncertainty triggered by an abrupt industry change, as happened to rugby union when it went professional.

Having read the paper again recently, there may still be some interesting lessons for Welsh rugby from the business model adopted by the IRFU after Ireland lost to Argentina in the 1999 World Cup and the calls for a different approach were finally heeded.

The IRFU started by examining good practice from a broad range of business models and determining what had worked well in other sports including football, basketball, rugby league, and American football.

A key issue was how funding streams would be distributed and in any business that has several units (as in the case of rugby union), that can be a highly contested issue as we have recently seen with regional rugby here in Wales.

As a result, the first decision made by the IRFU was how money would be generated and allocated within Irish rugby with the decision to adopt central control over human resources (the players) enabling professional structures to be put into place that were standardised for all four provinces. This led to higher levels of transparency and efficiency of management which is currently missing in Welsh rugby.

The IRFU also realised that if it was to be successful as an organisation, then it needed to extract full value from its investments into its players. To do this, it established academies to develop professional players from an early age and streamline them into the provincial teams of Connacht, Leinster, Munster, and Ulster. This operational practice, along with other interventions in nutrition, conditioning, and video analysis of the game, was again taken directly from a wide range of other sports.

To ensure that these external practices were absorbed into the provinces, new players were brought into the teams as role models for peer learning and overseas coaches were hired to transfer their knowledge and offer a different perspective on the game.

Whilst learning from other models globally, the IRFU appreciated that it could also build on distinctive strengths within its own game and history.

For example, pride and identification with the local community had long been the driving force behind support for the four Irish provinces, something that some have argued has not been the case here in Wales with its regional teams.

But whilst this distinctive social identity has been an important driver in driving the revenue side of the IRFU's business model, it was not enough on its own to support financial targets. As a result, lessons were learnt from the property development and entertainment industries to improve

the stadium infrastructure across the country and best practice adopted to develop the best sponsorship deals and maximise customer spending on merchandise.

After all these changes, this approach to business model innovation within the IRFU has clearly influenced the state of the game in Ireland. In terms of results, whilst Ireland's win rate was only 23% in the 1990s with no silverware, it has been 68% since the Six Nations Championship began in 2000, with the national team winning two championships, six Triple Crowns and two Grand Slams.

They are now ranked as the number one team in the World, became the first touring side to win a series in New Zealand in the professional era, and are firmly on course for their third grand slam this century.

In addition, the Irish provinces, despite having a rugby playing population that is only ten percent of England's, have won six European Rugby Champions Cups and featured in another four finals since 2000. Leinster – arguably the leading club side in Europe – has an average attendance of 20,000 fans for home matches.

And financial success has followed sporting success, with the IRFU more than quadrupling its revenue stream to €84m over the last twenty years.

So is this business model the right one for Welsh rugby to adopt? Given that changes to Irish rugby were started over two decades ago, this approach may no longer be fit for purpose.

However, what is fit for purpose is the decision approach by the IRFU to identify its strengths and weaknesses, to learn from best practice elsewhere and to put its strategy for the future before any superficial structural changes.

That is probably the most vital lesson that should be learnt from the IRFU's business model and one hopes that those

leading Welsh rugby take this on board as they create a new future over the next few months.