

# The Business of Formula One

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## A spectacle in search of identity

Lack of confidence characterises F1's one-man show, say *Roger Blitz and James Allen*

**B**ernie Ecclestone turned 84 on October 28 and was still in charge of Formula One. Not bad for a man who has been written off many times over.

The sport's chief executive has dominated the paddock talk this season even more than usual. His trial in Germany on bribery charges has been the centrepiece of a year of sterility for the motor-sport.

Perhaps they are connected. His detractors believe F1 cannot progress while he is still in charge. His advocates insist F1 would be lost without him.

Either way, F1 seemed transfixed and paralysed by the trial in a Munich courthouse. Until the case was settled one way or another, no one had much idea what would happen to this glamour sport with huge global reach.

The case was settled when Ecclestone handed over a cheque for \$100m. The charges - which he always denied - were dropped. He left Munich and went back to the day job, gladhanding Vladimir Putin at the Sochi Grand Prix, talking up other new venues and talking down others, making his presence very much felt.

For better or worse, Ecclestone is back in charge. But the business he runs is going through an identity crisis.

This may be the effect of the three preceding seasons, which were dominated by one driver, Sebastian Vettel. Fans became bored.

His supremacy deadened F1's key sell-



One team: Mercedes has dominated the season, with Lewis Hamilton (above) and Nico Rosberg duelling for the drivers' championship. — AP

ing point - the on-track rivalry of drivers whose win-at-all-costs desire and willingness to take risk at the edge of the rule book has no comparison in sport.

This season has been far from dull. The move to hybrid turbo engines coupled with a reduction in rear down-force means cars are more jumpy at the rear and less planted to the ground

around corners. They even look spectacular.

True, as far as the appeal of the season has been concerned, one team has dominated proceedings, Mercedes AMG. Its two drivers, Lewis Hamilton and Nico Rosberg, however, have fought a compelling duel for the drivers' championship, with some controversial on-track

incidents occurring between them during both the Grands Prix in Monaco and in Spa, in Belgium.

This season has also been more watchable because of the young and the new. Vettel, a relatively elder statesman at the age of 27, has lost his aura of invincibility, upstaged by his exciting Australian teammate Daniel Ricciardo, 25.

A new generation of drivers is coming on to the grid. Max Verstappen became the youngest ever F1 driver when he took part in a practice session at the Japanese Grand Prix for Toro Rosso at the age of 17 years and 53 days. He will make his race debut next March in Australia.

Many feel that 17 is too young, others *continued on page 3*

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## The Business of Formula One

## Inequalities and fall in TV audiences take their toll

## Finance

**Bickering over revenues masks the great problem of how to make the sport more relevant and profitable, says James Allen**

F1 is one of the most expensive sports to compete in and, while it generates good commercial revenues, the teams get varying slices of the cake. Two of the smaller ones, Marussia and Caterham have gone into administration in the past month.

Teams have two main sources of revenue: sponsorship and a share of the commercial rights paid to them by Bernie Ecclestone's Formula One Management company, which has a 100-year licence to exploit the rights from the governing body, the Fédération Internationale de l'Automobile (FIA).

The income from rights is divided into an equal payment to the top 10 teams; a percentage of the prize money based on a team's results in the previous season; and a \$10m payment to new teams. Another fund that is worth some \$250m is reserved for the top five teams, with

Ferrari getting about \$100m, Red Bull about \$70m, McLaren \$40m and Williams and Mercedes \$10m each.

A key difference in structure from, for example, Premier League football is the gap between the highest and lowest paid teams. In the Premier League the ratio is 1.5 to 1; in F1 it is 4.5 to 1.

For smaller teams a particular pressure has come with this season's move to hybrid turbo engines. They cost \$20m per season, more than double the cost of V8 engines up to 2013.

Williams is an interesting case. Twenty years ago it was the "Establishment", but has been through a bad time after losing BMW as a partner and hemorrhaging many talented staff to manufacturer-backed teams.

Last year, it struggled to finish ninth in the constructors' championship with five points. It is back fighting the big boys under the new management team of Mike O'Driscoll and Claire Williams, daughter of Williams' founder Sir Frank. Sponsors have renewed their interest.

Williams operates on a racing budget of £100m a season, about half that of Mercedes, Red Bull and Ferrari. Yet it is fighting Ferrari for third place in the constructors' championship.

"We are seeing enormous interest in

the team because of the success we've had," says O'Driscoll. The team's title sponsor Martini "is showing growth in market share", he says, because of the partnership it has with Williams.

As for smaller teams barely a week goes by without rumours that one of them is about to go out of business.

The view of Ecclestone and the top teams is that names such as Ferrari, Williams, McLaren and Mercedes have been around for ever and that it is right to prioritise them.

The decline in TV audiences this season, estimated at 10 per cent, is another worry. "There is a recognition that F1 as a group needs to protect its future," says Williams. "There is a greater desire to work collectively, because we recognise that if we don't act then it will have an impact on people's commercial opportunities."

One of those whose job is to find sponsorship money is Zak Brown, founder and chief executive of Just Marketing International. He says F1's sponsorship market is "stable", but he goes no further than that.

"We're not fighting them off with sticks," says Brown, who in the past five years has brought brands including UPS, Martini and UBS into F1.

"Most sponsors are renewing, not

leaving," he adds. But "it's not fantastic as a barometer of F1's appeal that McLaren doesn't have a title sponsor [to replace Vodafone, which left at the end of 2013]. You can't imagine Manchester United going a year without a shirt sponsor."

"The problem is that F1 teams have a bigger appetite than food they can put in their mouth," says Brown. "A lot of that is self-inflicted. They spend what they have and then a dollar more. It's so competitive and you can keep spending. The cost controls don't seem to work and there is a lot of waste. Do you need £200m, when Williams is getting the job done with £100m?"

F1 has to "do more to create value, to bring more money in". He says this is the responsibility of all involved.

One obvious answer is to boost the appeal of the sport, build up the drivers as heroes and get more income from TV rights. Compared with other sports, F1 is missing huge opportunities in merchandising to fans and increasing revenues from online activity.

Unfortunately, according to Brown, F1 suffers from dysfunctionality. "A disproportionate amount of time is spent arguing over how to split one dollar," he says, "as opposed to working out how we are going to make two dollars".

'The problem is that F1 teams have a bigger appetite than food they can put in their mouth'

## Company man handed task of effecting Ferrari renaissance

**Marco Mattiacci** Team principal makes a positive start but has to navigate politics, says James Allen

Seven years ago the Ferrari Formula 1 team was unbeatable. With Michael Schumacher as the driver, Jean Todt as team principal and Ross Brawn in charge of the technical side, they produced the fastest car for five consecutive seasons and Schumacher won everything. Then, after 2007, when the group broke up, the success petered out.

The task of putting the sport's greatest name back in the winners' circle falls to a quietly spoken 43-year-old from Rome with no record in motorsport.

Marco Mattiacci was appointed Ferrari team principal in April this year. His appointment was a surprise to some members of the F1 paddock, who had not heard of him. Mattiacci has been with Ferrari for 15 years in the road car division, rising to the post of head of Ferrari North America, which is the company's largest market. He took sales in the USA and Canada beyond 2,000 units a year for the first time in 2013.

It was from here that Luca di Montezemolo, outgoing Ferrari chairman, picked Mattiacci for the F1 team boss role. Some suggest that Sergio Marchionne, Fiat chief executive, had something to do with the choice. Marchionne went on to oust Montezemolo and replace him as chairman of the luxury carmaker.

Ferrari is 90 per cent owned by the Fiat group and Marchionne and Montezemolo had different views on strategy for Ferrari after the Fiat Chrysler Automobiles group flotation on the New York Stock Exchange on October 13.

Montezemolo's plan was to restrict sales of Ferraris to keep the car's exclu-

sivity high. Marchionne wants to double its annual sales.

Mattiacci finds himself in charge of delivering a renaissance for the team at a time when the politics of Fiat and Ferrari are at a volatile stage and Marchionne has not helped the situation by saying that he wants Ferrari to start winning again quickly. "A non-winning Ferrari on the Formula 1 track is not a Ferrari," he says.

The key to Todt's success in the role was that he protected his team from interference from Montezemolo, from Fiat and from the Italian media.

His engineers and technicians could work in peace. It may be hard, given his background and allegiances, for Mattiacci to provide similar protection for his staff.

"Every business is first of all about people," Mattiacci says. "So I try to understand how we got here and look at the assets we have. We are setting up a strategy that is for the next three years, that is going to take Ferrari back to the top of Formula 1."

He has made a positive start, identifying some key areas of weakness where Ferrari has fallen behind the benchmark teams, Red Bull Racing and Mercedes, in recent years.

He notes that the response times are too slow, from suppliers to internal processes and Ferrari needs to move more quickly to match its rivals.

He says it placed too much emphasis on reliability at the expense of performance in the hybrid development phase, producing inferior technology, while Mercedes invested more and for far longer in its energy recovery systems.

Another weakness was the lack of co-



**New broom: Mattiacci has identified areas where the team has fallen behind rivals**

Wang Zhao/AFP/Getty Images

ordination between chassis and engine departments. This is a huge failure, given that the two departments are a few dozen metres apart, rather than in different locations, and even different countries in the case of UK-based Red Bull and its French supplier Renault.

Mattiacci, who describes himself as "quintessentially a Ferrari man" is all about strategy and he is a manager who knows how to empower talent. He is also doggedly determined and will keep going until he gets what he wants.

In the wider F1 context, he has pushed hard this season for a change of rules freeing the development of the hybrid engine technology. The current rules stipulate an engine development "freeze" on cost grounds and manufacturers can only make performance improvements at the end of the season.

Mattiacci has lobbied for one or two "windows" during the season for manu-

facturers to introduce upgrades, as they can at any time on the chassis side.

"Formula One is about innovation," he argues. "I think that whoever did a fantastic job, it's important that it's clear that he's ahead, but I think that to wait a year to have a possibility to catch up with the best, to develop and to innovate is too much."

Mercedes, which has enjoyed a healthy advantage over the field this year, is understandably opposed to such a suggestion, so blocked a move to loosen the regulations for 2015.

But Mattiacci did prove fleet-footed this month when he hired Sebastian Vettel in place of Fernando Alonso for 2015.

He has started positively. It will take longer to see whether his blueprint for returning Ferrari to winning will be equally successful, especially with Marchionne bearing down on the team.

## Ecclestone stays in driving seat through trials and tribulations

Back in January, the identity of the future owners and managers of Formula One was anyone's guess, writes Roger Blitz.

Bernie Ecclestone, F1's chief executive, was knee deep in legal swamps. He was awaiting trial in Germany on bribery charges and had to stand down from the F1 board and get approval signatures from board members for big contracts.

A month later, a London judge delivered his verdict in a civil case examining issues similar to those to be addressed by the German court. He branded Ecclestone an unreliable and untruthful witness.

The man himself seemed ready to give up the wheel. "I've been looking, over the past few years, for somebody who can join me to assist with what I have to do," said Ecclestone.

"I will eventually be in a position, if I decide to retire – or unfortunately become dead – to have someone to step into my shoes."

It was possible to paint a scenario where CVC Capital Partners, F1's leading shareholder, would at some point this year have to announce the end of the Ecclestone era, and appoint at least an interim successor.

This scenario also envisaged CVC bringing its investment in F1 to a close.

John Malone, the US Cable billionaire, had begun talks with F1 about buying into the business.

A sale of the whole of F1 or a substantial part to Malone's Liberty Media empire looked to be a distinct possibility.

Other F1 shareholders, notably Norges Bank Investment Management and the Lehman Brothers estate, were looking to offload their stakes.

The idea of F1 floating in Singapore has been a wish of CVC and some of the banking community believe that it can be revived if talks with Liberty end without agreement.

But as the year draws to a close, nothing has changed. Ecclestone remains the F1 chief executive, his old swagger and demeanour restored.

Ecclestone, who denied the charges, did not go to jail, and the charges were dropped after he paid \$100m to settle the case.

Donald Mackenzie, CVC co-founder, said during evidence to the London civil hearing that, if Ecclestone had done anything criminal or wrong, "we would fire him."

The close working relationship between the two men – the bedrock of the F1 structure – survives.

So does Ecclestone's way of doing things. He mused before the

trial about a future in which he would "look after the strategy" rather than the details.

Yet the rejuvenated 84-year-old, casting aside previous worries about his health, continues to manage the minutiae of F1 – new teams, new venues, new engines, new drivers, safety concerns. No one has been brought in to assist him.

He has also made some effort to get back on the F1 board. According to a number of observers, there are conditions attached to his return to the board that have not yet been met.

CVC remains, along with Norges Bank Investment Management and the Lehman Brothers estate. So do US mutual fund company Waddell & Reed, BlackRock, Ecclestone and Bambino, the Ecclestone family trust.

Talks with Malone's media empire have dragged on. Liberty is said to want all F1's media rights to be included in any deal – which could cause problems with media competitors that own F1 rights, such as Rupert Murdoch's Sky.

Malone and CVC have different ideas about how to value F1. CVC has extracted substantial amounts from F1 for itself and other shareholders. That is bound to influence what CVC and Malone think F1 is worth. Some shareholders may be keener to exit than others, and may have different views on valuation, according to observers of the F1 ownership structure.

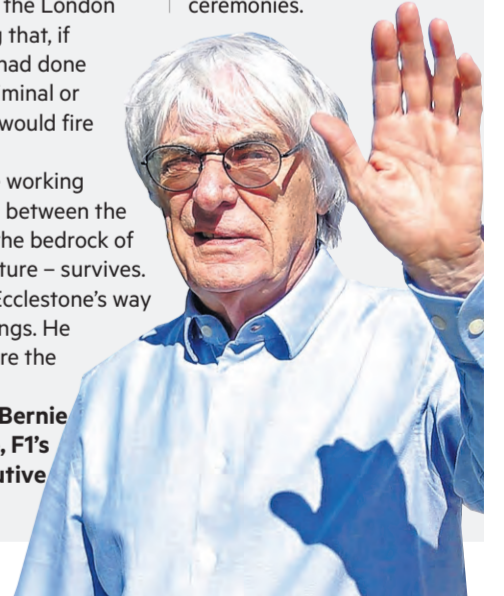
But they are unlikely to have much bearing on CVC's view of the business. Mackenzie calls the shots. CVC may have owned F1 for an unusually long time compared with other investments, but there is no pressure to sell. Until CVC indicates otherwise, a Singapore flotation is the preferred option.

"One day we would like to float the company, but there are no imminent plans," Mackenzie said nearly a year ago.

F1's structure seemed ready to be picked apart at the start of the year. It may yet change, but at present there is a stalemate over its ownership.

The only certainty is that Ecclestone, a presence in F1 for more than 30 years, remains master of ceremonies.

**Hands on: Bernie Ecclestone, F1's chief executive**



## Emerging markets form a line to host profile-raising Grands Prix

## Azerbaijan

**Robert Orr** reports that while countries can benefit from a successful event skill and resources are required

Emerging nation with cash to spend seeks confident sporting partner for mutual profile raising and commercial gain: oil-rich Azerbaijan has found its perfect match in flashy Formula One.

The former Soviet republic was confirmed this month as the latest country to hitch its ambitions to the world's richest motorsport series, as details were announced of a new Grand Prix to be raced around the streets of Baku, its fast-developing capital, from 2016.

At the launch, Bernie Ecclestone, F1's commercial chief, hailed the "latest

addition" to the calendar and anticipated a "world class event" on the shores of the Caspian Sea in two years' time.

Azad Rahimov, Azerbaijan's minister for sport, says bringing F1 to Baku was a logical step after it staged the 2012 Eurovision Song Contest and won the right to host matches for the Euro 2020 football championships.

"F1 is one of biggest sporting events in the world, after only the Olympic Games and World Cup," he says.

Arif Rahimov, the Baku Grand Prix chief executive, adds: "We wanted this Grand Prix to put ourselves on the map and we are confident we will show the world a top-quality race."

Baku is following a path that is well trodden. Emerging markets from China to Singapore, Abu Dhabi and, most recently, Russia have all sought to use F1 as a vehicle for establishing or building an international profile – a 200mph

advertisement for their newly acquired wealth, self-confidence and openness to investment and foreign visitors.

But success requires skill and significant resources, including a fee to the commercial rights company that Ecclestone heads.

Sports minister Rahimov declined to reveal how much Baku planned to spend on the circuit and infrastructure, or the cost of the right to stage the race.

But Mr Ecclestone's company receives about \$700m a year in hosting fees from the 20 circuits, with newer additions paying considerably more than established races such as Monza or Monaco.

**\$700m**  
Total amount paid in hosting fees alone each year by the 20 circuits

**€200m**  
Amount the circuit built to host last month's Russian Grand Prix is said to have cost

Other costs, from building the circuit to redeveloping transport and other infrastructure, can cost many times more. The circuit that was built to host last month's inaugural Russian Grand Prix, in the Black Sea resort of Sochi, is said to have cost about €200m.

Is it worth it? Robin Fenwick, chief executive of Right Formula, an F1 marketing company, stresses the benefits.

"Azerbaijan or Sochi would not be places you would think of as destinations for tourism or business. [But] there are few sporting events that can create global awareness [of a host city], and F1 is one of those," Fenwick says.

A Grand Prix, he says, brings a global television audience, sponsorship from international brands, tourism potential, as well as stimulating other forms of investment. "Hotels, airlines, bars and restaurants all benefit," Fenwick adds.

He notes how Singapore, which held

its first Grand Prix in 2008, has put the race at the centre of its drive to become the premier business and leisure destination in Asia. Bankers and business people flock to the city state during Grand Prix week for a spurge of deal-making, while Singapore's tourism board estimated in 2012 that the race had generated more than \$560m (\$447m) in receipts from visitors over the preceding four years.

"Five or 10 years ago, you would say the hub for the region was Hong Kong," Fenwick says. "You could say it is now Singapore. F1 has not been responsible for that, but it has been a contributing factor."

Ecclestone's thirst for new races is unlikely to end in the Caucasus. Mexico City, which last hosted a Grand Prix in 1992, is set to return to F1 next year, while Argentina could be added to the race calendar, according to the F1 boss.

"We are always open to doing something with Argentina. When we meet some serious people, it will happen," Ecclestone was quoted as saying this year.

And it is not just emerging markets that are prepared to invest to bring a Grand Prix to their country. Austria was added to the 2014 calendar, thanks to financing and sponsorship from Salzburg-based Red Bull, the energy drink group that also owns the Red Bull Racing team (see page 5). Ecclestone says even austerity-hit Greece has looked at hosting a race.

Not everyone is so keen to get involved. Although Austin, Texas will stage the United States Grand Prix this weekend, the Grand Prix of America, a planned blast through the streets of New Jersey with Manhattan's telegenic skyline as a backdrop, has been postponed for two years running. New York and Baku, it seems, have different tastes.

## The Business of Formula One

# Red Bull's rising star keeps firmly grounded after winning streak

**Daniel Ricciardo** New kid on block tells *James Allen* on-track success is more important than money

“When I was younger, I used to look up to [Fernando] Alonso and [Lewis] Hamilton and be intimidated by them. But when you get here, you realise that you are one of them and that you are normal and that brings everyone else back down to earth. It's all about perspective.”

Daniel Ricciardo's life has changed beyond recognition this year, with a series of brilliant Grand Prix victories for Red Bull Racing, putting him on the map and at the same time overshadowing his illustrious teammate Sebastian Vettel. So much so that Vettel has decided to try his luck at Ferrari.

This leaves Ricciardo as team leader of one of F1's most powerful teams.

He may be one of sport's hottest properties, but the ebullient 25-year-old Australian with the 1,000 watt smile is a very grounded individual.

Ricciardo was raised in Perth, Western Australia, by first generation Italian immigrant parents, who run a family earth-moving business. Despite his breakthrough performances this year, he stays true to the advice his father has rammed home to him since childhood.

“He always said: ‘Be honest, be yourself and people will respect you for who you are. Be humble and work hard.’”

“He sees now that even if I've won a few races, I still work hard and don't spend any of these bonuses on anything silly. He makes sure I stay in line.”

The key was to “keep your eye on the prize and for me that prize is the F1 world championship.”

Like Vettel, who has won four world championships with Red Bull, Ricciardo is a product of the brand's young driver programme. The attrition rate is high, especially the final step, from the junior F1 team Toro Rosso up to the title-chasing Red Bull Racing squad. Of the dozens of drivers who have been bankrolled through junior careers and the handful who have been given two-year apprenticeships at Toro Rosso, only Vettel and Ricciardo have made the cut.

So what form has Red Bull's support taken? “It started in 2008, [when he was 17] and consisted of them putting me with a race team and building me up to be in F1 one day if I was good enough,” says Ricciardo.

“Living costs were up to me, but the big stuff they took care of, including personal trainers and media training. It was up to me to get results on the track so they would keep supporting me.”

And would he be here in F1 today without them? “No, I don't think so, they helped a lot. Whether someone else would have spotted me one day is a big if. Red Bull made it possible. Credit to them, they spotted a fine talent.” He breaks out into his trademark white-toothed grin.

Although his CV makes him look very much like a manufactured “product”, the latest to roll off the production line of the energy drinks company, Ricciardo has been encouraged to follow his own style.

“In F1 circles, there are sometimes political things you have to be careful about but in general I'm not briefed beyond ‘You may get asked this ques-



Winning smile: Daniel Ricciardo has had three wins this season — Getty Images

tion, you answer it how you want’, which is really nice. [Red Bull] never say, ‘Don't get tattoos,’ or whatever. It's just ‘Be yourself and if you get results then that's the exposure we want.’”

Ricciardo was promoted to the Red Bull team from Toro Rosso at the start of this season and to everyone's amazement he outperformed Vettel straightaway. His breakthrough win came in June at the Canadian Grand Prix, followed by wins in Germany and Hungary.

He has become a hot property and with opportunities at other top teams likely, his market value has risen. He is aware of this, but also of the delicate balance between realising his value in multimillion dollar paychecks, while not biting the Red Bull hand that feeds.

“If I knew Red Bull could give me a championship-winning car, paying me a lot less than someone who couldn't give me a championship-winning car, I would go for the car. The dollars are secondary. I'm here to be world champion and I'll get some dollars afterwards.”

Red Bull typically pays its drivers a reasonable retainer but a big performance bonus, reputedly a million dollars per win. So what does Ricciardo do with his money?

“It's something I'm green and inexperienced in,” he says sheepishly. “This is my first successful year. I've not made any investments yet, but I'm looking to.”

Ricciardo has everything in his game: raw speed, great feel for the car and the tyres and a very calm mentality that never gets worked up in the cockpit.

His reference point is a driver who made the same journey 20 years ago and who embodied Ricciardo's ideal qualities of ruthlessness on track combined with humility off it: Ayrton Senna.

“I looked up to Senna when I was young,” he says. “He was ruthless on the track but as soon as he took his helmet off he was humble and everyone loved him.”

“And to have that is great - to be the killer on the circuit but then to come back down to earth after that.”

# Female graduates stake their claim

## Gender balance

Women are increasingly playing important technical roles, writes *Kate Walker*

To the untrained eye, women are a rarity in Formula One. But while female racing drivers at the top tier of single-seater motorsport are few and far between, in the garages and at the factories the story is very different.

Women have long been part of F1, but are often thought to work only in marketing. But as the number of female science, technology, engineering and maths graduates has increased, so too has the number of women working in technical roles: everything from aerodynamicists to mathematical modellers via a list that includes power-train integration, structural analysis engineers and wind tunnel technicians.

The roles themselves fail to tell the whole story. Graduate recruitment programmes at Mercedes and Williams have seen an upturn in the number of female applicants year-on-year. Claire Williams, Williams deputy team principal, says in 2014 they outnumbered male applications for the first time in the team's history “and the majority of appointments have been women”.

Since 2007, when Mercedes' graduate training programme was launched, women have taken 16 per cent of the full-time technical roles in the team, in line with the proportion of female engineering graduates in the UK.

Ruth Buscombe, Ferrari engineer, joined the team straight out of university and spends race weekends advising on Kimi Räikkönen's race strategy from Italy. “During the race weekend, I am one of the engineers working from the ‘remote garage’ in the factory, monitoring aspects of car performance, all communicating via intercom to trackside.”

“I work with the head of strategy and Kimi's race engineer to provide assessments of situations, options and risks to facilitate the best possible decision-making,” she says.

“In the week before the event, we con-

duct preliminary analysis, which helps set our expectations for the race, which results in one or two candidate strategies. Over the race weekend, we collect data. That helps us model the race and craft better qualifying strategies.”

Another Ferrari employee straight out of university is Alessandra Cenico, who works in composites. “I'm responsible for the team that works on the chassis, wings and bodywork. It's an interesting and dynamic job; continuous research and development,” she says.

“It's a sort of ‘hyper-technological handicraft’. All the pieces are made by hand, but supported by the latest technologies, instruments, and methods. When we design a piece, we have to think of its specific function in the car. We need a deep integration between the manufacturing and design process, from the wind tunnel to the track.”

## Engineering change

‘All we're doing as teams is looking to win, and in order to win, you need to get the best people,’ says *Claire Williams*



Williams and Monisha Kaltenborn, Sauber team principal, both feel strongly that the sport's meritocratic structure will always give talent the chance to shine, irrespective of gender.

“I don't think anyone is going out with a ‘let's promote females agenda,’” Williams said when asked about positive discrimination. “All we're doing as teams is looking to win and in order to win, you need to get the best people. I don't believe that there is affirmative action, but I do believe that, as in the rest of society at the moment in other businesses, there is a conversation that's going on around women.”

According to Kaltenborn, visibility remains key. “I think since a couple of us came up, it has given people more and more confidence. If you want to take up a woman for a job, you don't get ‘Do you really want to take a woman for this?’ any more. Now we are getting into this meritocracy era, where you say: ‘It is about the job. It is about how good you are, what you have done.’”

# A spectacle in search of an identity

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that it reflects badly on the difficulty level of the sport if a schoolboy can do it.

So what is preventing F1 from milking this youthful energy and the thrilling Hamilton-Rosberg battle?

There is palpable uncertainty, a lack of confidence in the sport and Ecclestone is partly responsible. At the start of the year when he criticised the lack of noise from the new hybrid turbo engines, there were shades of Gerald Ratner - who wiped £500m from the value of his Ratners jewellers chain in 1991 by saying one of its products was “crap”.

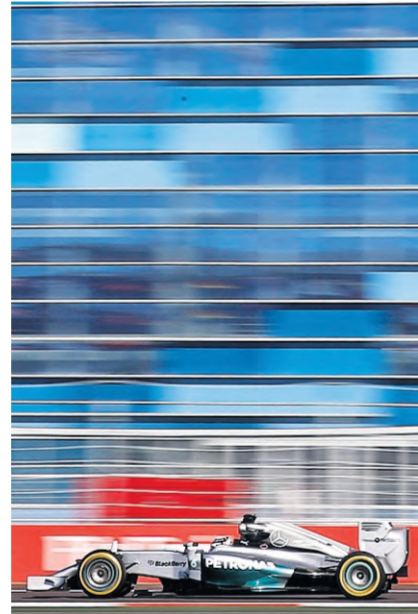
This rubbishing of the product irritated teams and manufacturers, who wanted the sport to tell the story of a technological marvel - the reduction of fuel consumption by 35 per cent without any loss of speed or performance, as F1 tries to persuade sponsors and investors of its green credentials.

Fans also gave the thumbs down to his decision to award double the points in the final Grand Prix in Abu Dhabi in an attempt to keep the championship alive to the end of the season. It is likely to be dropped for 2015.

There was a loud raspberry, too, for banning teams giving advice via radio to their drivers. It was an attempt to make drivers look less like robots following instructions and more like heroes thinking for themselves.

Such tinkering is nothing new. F1 goes through perennial bouts of introspection, its owners and organisers fretting about the fare on offer and whether it is attractive enough for the discerning sports fan.

The evidence suggests it is not. TV viewing figures are on the decline - possibly by as much as 10 per cent. Most worryingly, some of the stands at Grands Prix in such heartlands as Italy and Spain were pretty bare this season. And Vettel's success and Rosberg's title



Decline: TV viewing figures are down

challenge appear to have had little impact in their birthplace of Germany.

Confidence has been shaken in a variety of ways. The horrific accident suffered by another promising young driver, 25-year-old Jules Bianchi, underlined the sport's inherent risks and has led to a review of safety.

There is concern about Ferrari, the oldest and most important team on the grid, but for too long churning out underwhelming performances. It shook the motorsport world when it announced the departure of chairman Luca Cordero di Montezemolo, one of the biggest names in F1. Ferrari's F1 team is in relatively new hands. It is too early to tell whether they have the same determination as Montezemolo to achieve success on the track.

Other teams are feeling the financial impact of the new engines and struggling to stay in the race. They complain about the distribution of profits being heavily tilted in the direction of the teams that have been in F1 longer.

Caterham and Marussia find themselves in the hands of administrators. The future is uncertain and depends on fresh investors being found, for Sauber, for example, which muddles along in its worst ever season in F1.

Further tinkering is being considered. Ecclestone wonders aloud whether more stability could be achieved by having eight teams consisting of three drivers rather than the current arrangement of 11 teams running two drivers.

None of this is conducive to attracting new money into the sport. McLaren remains without a title sponsor and sponsorship in general is flat, according to sports rights analysts. Sponsors value F1, they like its global spread and near year-round content. But in a climate of significant growth in live rights across sport, F1 is not cashing in as it should be.

The sport has clearly generated huge amounts of money. A refinancing deal earlier this year gave stakeholders a share of \$1bn.

CVC Capital Partners, the private equity group that has been F1's main shareholder since 2005, has reaped healthy returns on its investment. Two years ago, it sold stakes worth more than £2bn. It expects to make up to \$7bn on its holding. So it may be no surprise that talks with cable billionaire John Malone over his Liberty Media empire buying into F1 appear to be at a stalemate.

This may go down as the year Formula One paused for breath. There were too many uncertainties, too much doubt about Ecclestone's future to resolve issues such as TV viewership, sponsorship, team finances, green technology and competitive racing.

It is a reminder that, for all the size and reach of F1, it is run almost solely by one man. When that man is distracted by months of personal legal issues, it is perhaps hardly surprising that F1 has largely marked time this year. Maybe it was the best it could have expected.

## Contributors

**Roger Blitz**  
Leisure industries correspondent

**James Allen**  
F1 correspondent, Financial Times and BBC Sport

**Robert Orr**  
World news features editor

**Kate Walker**  
FT contributor

**Peter Chapman and Ian Moss**  
Commissioning editors

**Steven Bird**  
Designer

**Andy Mears**  
Picture editor

For advertising details, contact: **Liam Sweeney**, +44 (0)20 7873 4148  
liam.sweeney@ft.com,  
or your usual FT representative.

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