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What changes are occurring in the sport & recreation sector?

- Increasing expectation of stakeholders
- Move to professionalism of athletes
- Challenges to the traditional club structure
- Move more to "Pay for Play"
- The emergence of less structured sports
- More accepting of a wider range of sport
- Health and Safety issues - a factor
- Obesity, health, inactivity ever present
- Ethnic diversity – changing mix of NZ population

Requires experienced and effective governance

- Too often left to well meaning but inexperienced people
- As athletes become more professional, so does governance
- Closer links with the business sector need developing, however same skill set needs to be applied
- Governance model – often not reflective of the Sport and Recreation requirements
- Roles of board and management often poorly defined

Management in sport & recreation

The role of a chief executive, a big ask?

- **Managing a diverse range of stakeholders**
 - Membership
 - Sponsors
 - Funders
 - Media
 - Public
 - Volunteers
- **Core Responsibilities**
 - Financial / HR / IT
 - Reporting
 - International relationships
 - Competition structures
 - Athlete pathways
- **Career opportunities historically limited, however future looks brighter**



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Presentation to Charities Commission Forum – 27 November 2008

Effective Board Governance

Paul Hargreaves, President



What makes an effective board

Corporate governance: a definition

“The effective separation, management and execution of the relationships, duties, obligations and accountabilities that constitute an entity’s existence such that the entity is best able to fulfil its fundamental purpose.”

Principles of Best Practice for New Zealand Directors: The Four Pillars of Effective Governance, IoD, 2007

What makes an effective board

Governance is about leadership through a defined and balanced interaction between board and management

The role of the board is to provide leadership + oversight



What makes an effective board

The role of the board

The board, as the key agent of good governance, adds value when its actions further the achievement of the entity's purpose. Adding value is not **one** of several things that a board does; **it is what a board does**, and it is achieved in four critical areas

The Four Pillars of Effective Governance (IoD)

1. determination of purpose
2. holding to account
3. governance culture
4. compliance

The Four Pillars of Effective Governance

1. Determination of purpose

The company purpose and strategy must be “owned” by the board.

A key responsibility of the board as manager and supervisor of the management of the business and affairs of the company, is to ensure that the company has in place:

- clearly established long-term goals; and
- clearly defined strategies to achieve these.

The Four Pillars of Effective Governance

2. Holding to account

- holds management accountable and does not do management's job
- ensures management understands and implements purpose and strategy through a plan (with suitable resources, task allocation, performance management)
- demarcates responsibilities through delegated authorities and policies
- undertakes CEO selection and scrutiny, and succession processes

The Four Pillars of Effective Governance

3. Governance culture

“It’s not rules and regulations. It’s the way people work together”.

Jeffrey A. Sonnenfeld, Harvard Business Review 2002

A functional board culture is built on:

- recognition of dissent as a constructive attribute
- mutual respect encourages robust debate
- full disclosure by CEO and management
- experience in rigours and subtleties of business
- flexible allocation and rotation of roles
- self-assessment
- ethical decision-making
- commitment to continuous development

The Four Pillars of Effective Governance

4. Compliance

A value-adding board ensures:

- probity of financial reports and processes
- accuracy of compliance with regulatory environments
- all risks, existing and prospective, affecting the company's ability to fulfill its fundamental purpose are identified and managed
- risk is matched to return

What makes an effective board

The role of chair is critical

- providing leadership
- succession planning
- setting agendas
- chairing meetings
- reviewing minutes
- board and director evaluations
- director induction
- work programme
- committees
- relationships with management, primarily CEO
- relationships with shareholders
- other relationships

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