

# ***Good governance in sport organizations***

## **Skate Canada ACGM June 2013**



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# Sport Law & Strategy Group

Providing strategic insight to the Canadian sport community through professional services in these areas:

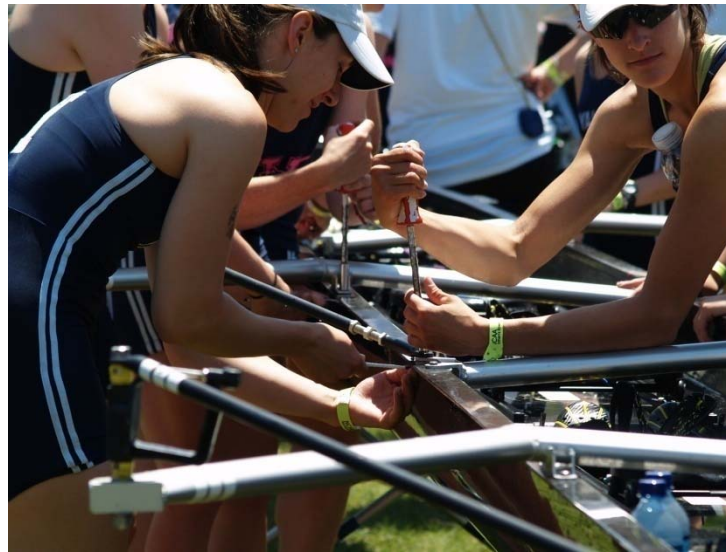
- ✓ **Legal Solutions**
- ✓ **Planning, Risk Management and Governance Services**
- ✓ **Strategic Communications**

***“Arguably, organization and system mismanagement costs us more medals and more lifelong participants [in sport] than the culprits we prefer to blame, such as limited facilities and funding, or insufficient school sport and activity programs”***



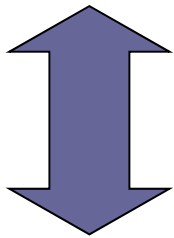
# Governance

- ✓ **Governance** → the **systems and structures** that the organization uses to direct and manage its general operations, programs and activities



# Components of an organization

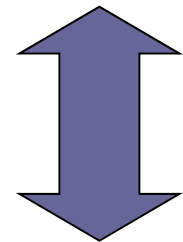
**Products** – in sport, these are the programs that we deliver



**Systems and structures** – how we organize ourselves to engage our people, use technology and deliver our programs



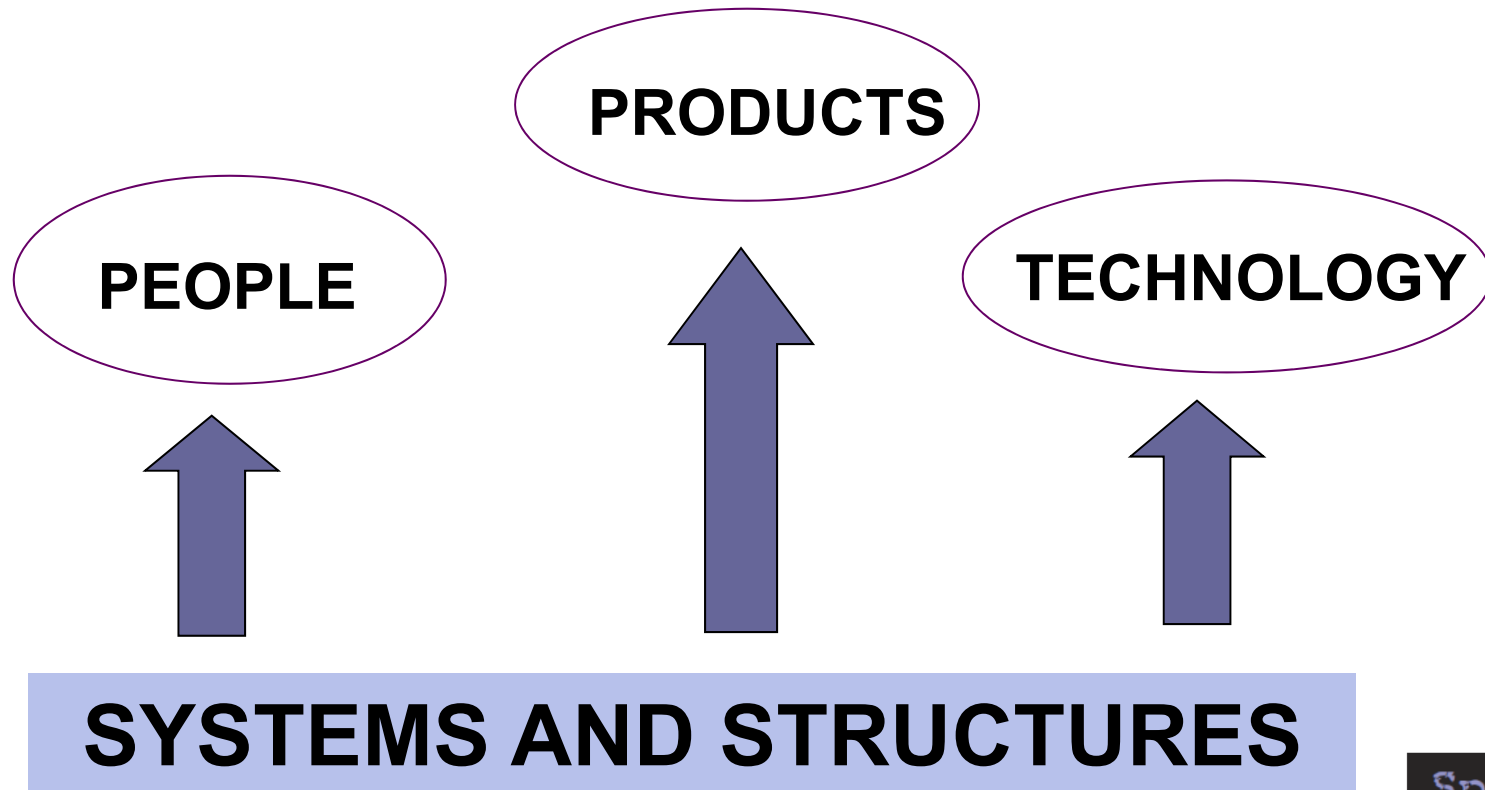
**People** – the providers and the consumers of our products: members, participants, volunteers, staff, partners



**Technology** – the methods we use to communicate and to deliver our programs



# Governance architecture



# Purpose

These systems and structures make it possible to:

- ✓ Hold a board of directors to account,
- ✓ Promote fairness and transparency,
- ✓ Support stewardship and integrity, and
- ✓ Engage stakeholders



# Governance is about ...

- ✓ Leadership, relationships and goals. **Good** governance is about strong leadership, positive relationships and shared goals.
- ✓ Should be constantly addressed and nurtured, and not just attended to periodically or when there is a crisis.
- ✓ Fostering a culture of open debate, transparent sharing and grappling with the real issues, and responsibility to help develop strategy.



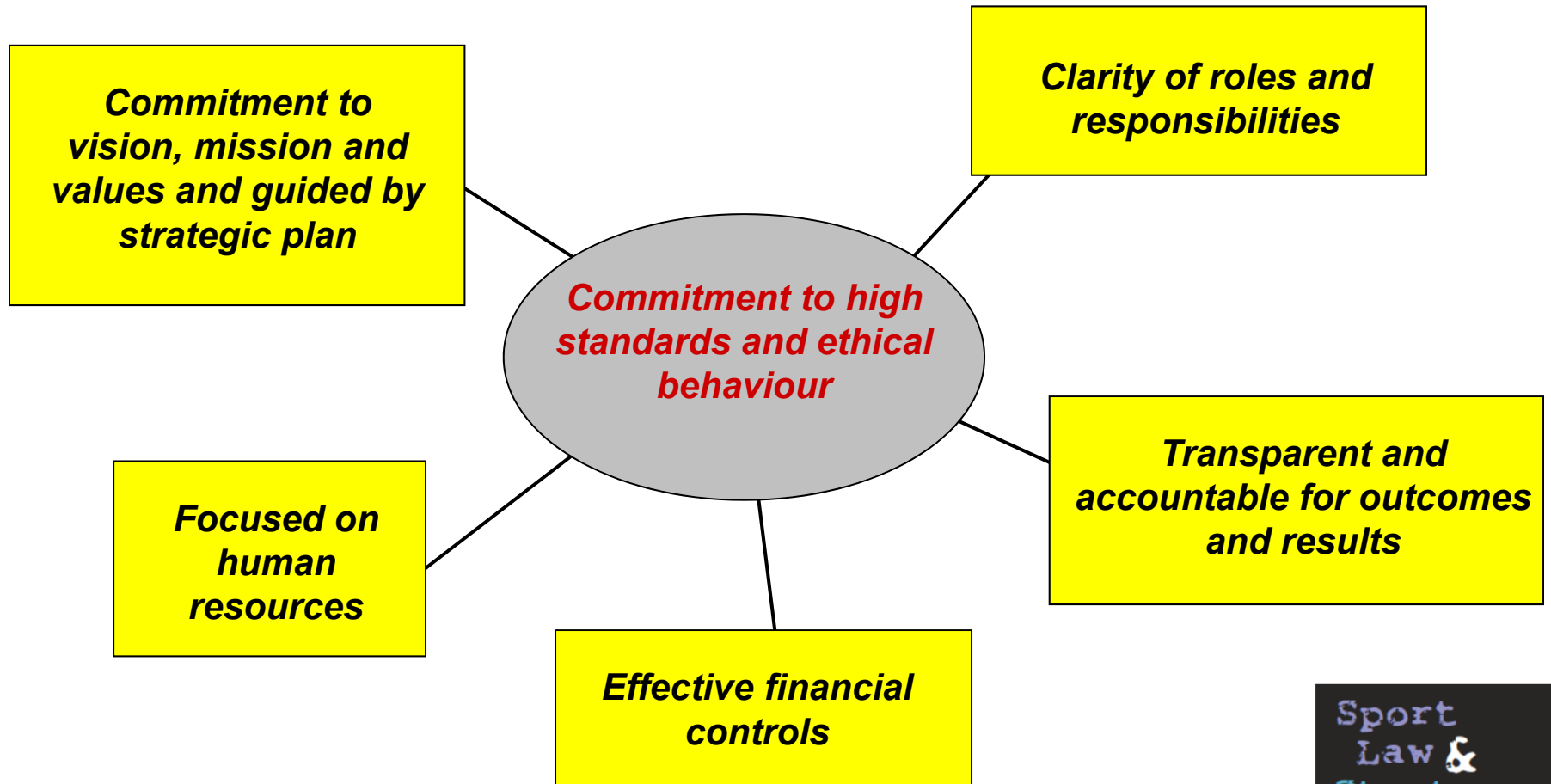
# Why it matters

- ✓ Strategic thinking and direction-setting are **fundamental** to success
- ✓ The sport environment is **complex** and the demands on leaders are significant
- ✓ Management can thrive when supported by **strong** governance
- ✓ Organizations need to be **accountable** to their members and stakeholders
- ✓ Organizations want to be recognized as **credible** by the public
- ✓ Funding partners expect **results** and accountability
- ✓ Participants in sport have **high expectations** of their organization and its leaders.

# Indicators of **good** governance

- ✓ Lean, clear, empowering bylaws
- ✓ Active and engaged Board, educated about its role
- ✓ Committees that address the key components of the Board's work
- ✓ Terms of reference (for committees) and position descriptions (for individuals)
- ✓ A vision, mission, and a plan
- ✓ Organizational values that are widely communicated and reflected in policies, plans, programs, decisions, actions
- ✓ Separation of governance and management roles
- ✓ Effective relationships within the Board, and between Board and staff

# Sport Canada principles



# Fiduciary duty

- ✓ From Latin – *'Fides'* which means 'faith'
- ✓ To represent the interests of the members in directing the affairs of the organization, and to do so within the law.



# Legal duties of directors

**Diligence** → to act reasonably, prudently, in good faith and with a view to the best interests of the organization



**Loyalty** → to not use one's position as a director to further private interests

**Obedience** → to act within the governing bylaws and within the laws and rules that apply to the organization

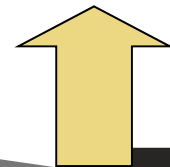
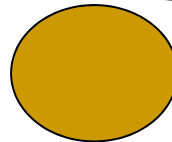
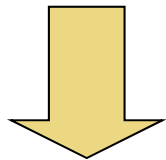
# Balancing Act

## Stewardship

- ✓ Protection of assets
- ✓ Due diligence
- ✓ Financial controls
- ✓ Risk management
- ✓ Oversight

## Leadership

- ✓ Vision
- ✓ Mission
- ✓ Planning
- ✓ Program design
- ✓ Innovation



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# Focus of boards

Where boards typically spend their time

Administrative / Management Boards

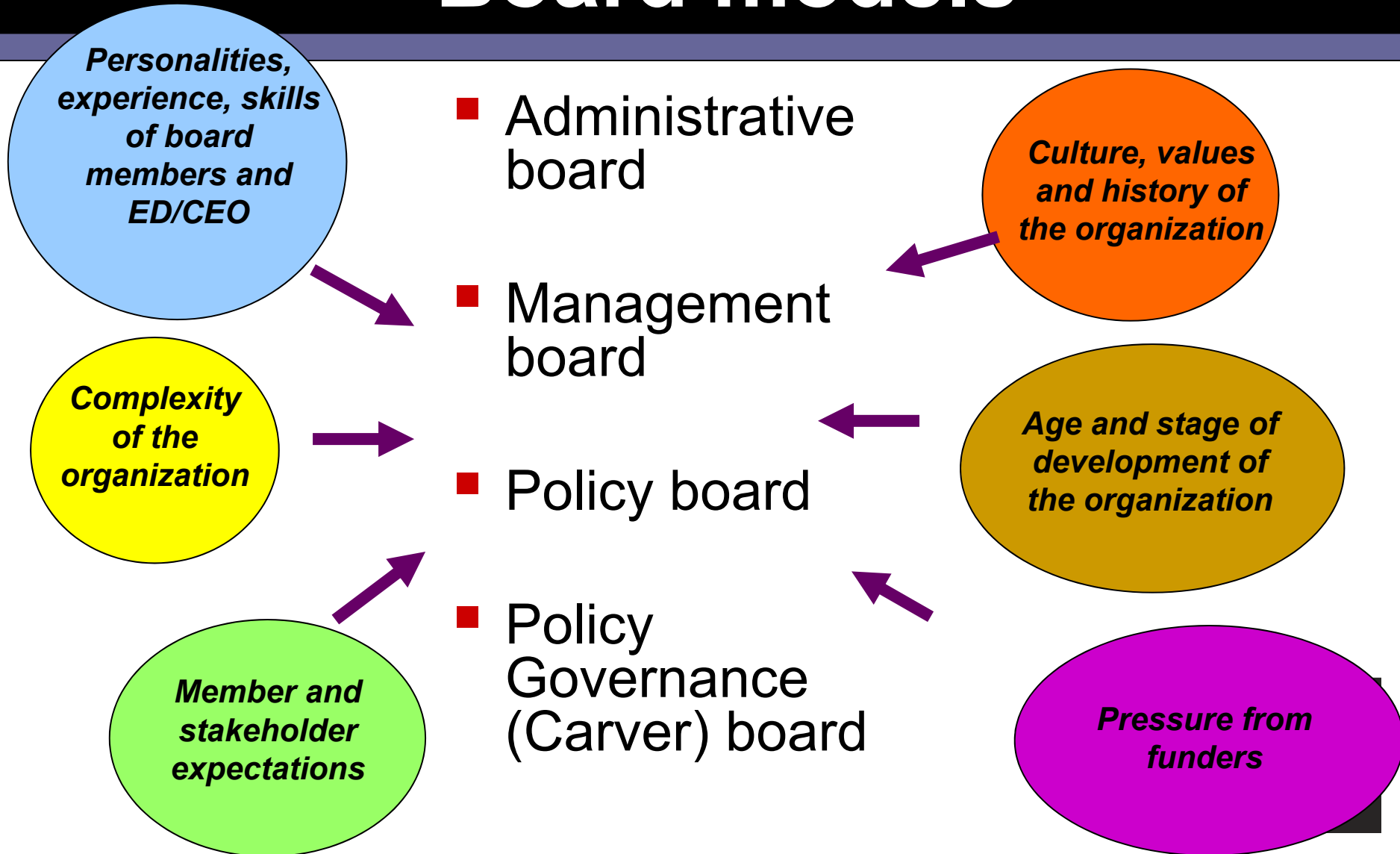
Governance

Management

Operations

Policy and Policy Governance Board

# Board models





# How do you decide what fits?

- ✓ Which decisions does the Board want to make for itself and which decisions does it want to delegate?
- ✓ How much involvement does the Board want to have in the operations?
- ✓ How will the reporting relationship between the Board and staff be defined?



# Policy boards work well when ...

- ✓ Organization is mature, has stable finances, offers a broad range of services
- ✓ Board members have interest and skills in policy
- ✓ ED is skilled and has good relationship with Board
- ✓ Board places priority on recruitment, orientation, board education, succession
- ✓ Board is clear about authority it has delegated to committees and staff
- ✓ Board has good mechanisms for ED reporting and accountability

# Governance v. Management

- |  |   |   |
|--|---|---|
| ✓ <b>POLICY</b> (what, why)              | ➔ | ✓ <b>OPERATIONS</b> (how, who, when, where) |
| ✓ Audit/risk oversight                   | ➔ | ✓ Prepare and monitor budget                |
| ✓ Identify goals and measure achievement | ➔ | ✓ Administer programs to achieve results    |
| ✓ Assess CEO performance                 | ➔ | ✓ Assess staff performance                  |

# Other factors to consider

- ✓ Size of board
- ✓ Constituency and competency
- ✓ Terms of office
- ✓ External directors
- ✓ Election of chair



# Bottom line

- ✓ Know what kind of Board structure you need
- ✓ Spend more time on your governance culture than on your governance architecture
- ✓ Focus on mission, vision and values
- ✓ Be transparent ... communicate strategically
- ✓ Understand your role and avoid conflict of interest
- ✓ Be fiscally responsible
- ✓ Ensure effective management is in place
- ✓ Review and evaluate your performance
- ✓ Ensure succession planning

# Common Board “gremlins”

- ✓ Conflict of interest and divided loyalties (too many ‘hats’)
- ✓ Lack of trust (between directors, between board and staff, between board and executive, etc.)
- ✓ Personal self-interest and political agendas
- ✓ Board too big, committees too numerous, terms too long, governance process too slow and cumbersome
- ✓ Board too meddlesome or conversely, Board not sufficiently engaged in governance
- ✓ Unclear roles among Board, committees and staff
- ✓ Wrong people on the Board in terms of skills, knowledge, interests or commitment



# Fixing the gremlins

- ✓ Enhance independence of Directors
- ✓ Improve communication and transparency
- ✓ Improve board culture and attitude
- ✓ Educate to better understand Board duties
- ✓ Streamline boards and committees
- ✓ Provide written job descriptions and terms of reference
- ✓ Get the right people on the Board, the wrong people off
- ✓ Reduce board size
- ✓ Change board governance model
- ✓ Prepare and follow a strategic plan



# How do we change?

Managing change is a structured approach to transitioning individuals, teams, and organizations from a current state to a desired future state. One needs to:

- ✓ Understand the reason for the change
- ✓ Know the environment (culture) where the change is taking place
- ✓ Think about the 'how', not only the 'what'
- ✓ Map out your strategy
- ✓ Communicate, communicate, communicate

# Why people resist change

**Self-interest** → adverse effect on personal interests

**Lack of information** → people fear uncertainty

**Cost** → short-term pain versus long-term gain

**Tradition** → unwillingness to be open to new things

**Values** → poor alignment

# More likely to succeed when...

A change management approach is used:

- ✓ Strong education/knowledge component
- ✓ Consultation and feedback with members
- ✓ Phased approach recommended
- ✓ Must be a readiness for change
- ✓ Process needs 'champion(s)'
- ✓ Must accept that change takes time
- ✓ Communicate, communicate, communicate

# Board leadership

## PURPOSE

- ✓ Establish and implement the organization's vision and direction

## PROGRESS

- ✓ Set rate of progress towards achieving vision and fulfilling mission by planning programs and services and overseeing operations

## CULTURE

- ✓ Set norms for the organization by championing its values

## CONTINUITY

- ✓ Provide continuity by ensuring financial health and appropriate human resources

## IDENTITY

- ✓ Ensure effective member and stakeholder relations

# Readings

- ✓ Excerpt, 'Broadbent Report'
- ✓ Excerpt, 'Good Policies Good Governance'
- ✓ PGA of Canada Information package for Directors
- ✓ Sport Canada Governance Principles (summary)
- ✓ Speech, Paul Ledwell of the IOG
- ✓ Sport Governance Reflections
- ✓ 20 questions from the CICA

**For more information**

**[www.sportlaw.ca](http://www.sportlaw.ca)**

