

# CTBRIEF

## SPORT & LEISURE

March 2016



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Bringing our skills to sport

**“W**elcome to *CT Brief – Sport & Leisure!* This is our first magazine solely focused on sport and takes

inspiration from Campbell Tickell's extensive management consultancy work across the not-for-profit sectors.

We've been thinking about the challenges for sports and leisure organisations in raising the bar on governance standards – whether in response to the forthcoming code of governance announced in the new sports strategy, or protecting the sector's reputation from high-profile governance failures.

As can be seen from the recent demise of Kids Company, or the behaviour of banks and financial institutions which resulted in the 2008 financial crisis, weak governance is often directly correlated with organisational failure. Boards need to ensure they are equipped with the right balance of skills, independence and insight to offer an engaging culture of constructive challenge and debate.

We very much hope that readers will get a sense of our expertise in this area, as a leading management consultancy, and our ambitions and support for creating a well-governed sports sector in the future. We look



The government announced its new sports strategy, *Sporting Future*, in December last year

forward to working with you.

In the meantime, please enjoy *CT Brief – Sport & Leisure* and do get in touch to let us know what you think of the magazine and the issues you would like us to consider in future.

To discuss any points raised in this issue, email [zina@campbelltickell.com](mailto:zina@campbelltickell.com)

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**Radojka Miljevic** partner, Campbell Tickell

Time to up the game on board diversity



**“S**port England set as a target some four years ago that sport's governing bodies should have women forming a quarter of their boards by 2017.

Some perhaps considered SE's target of 25 per cent very modest, but it was positioned in an environment in which some governing bodies had no female membership at all. For those who didn't like the lack of sanctions applied to the approach, it's important to remember that much was made – and still is – in the corporate sector of the 'voluntary' approach (rather than prescriptive quotas), which

has subsequently been credited with progress in diversity of board composition.

The SE 25 per cent target was heavily influenced by corporate sector thinking, in particular the review of gender equality of boards undertaken in 2011 by Lord Davies at the government's behest, which said: "FTSE 100 boards should aim for a minimum of 25 per cent female representation by 2015 and we expect that many will achieve a higher figure." This was a hot topic at the time, with the Walker Review of the 2008 global financial crisis and the behaviours of banks and financial institutions, drawing out the

challenges of groupthink and the important mitigation through board diversity – of skillsets, experience, and of gender:

"Evidence suggests that companies with a strong female representation at board and top management level perform better than those without, and that gender-diverse boards have a positive impact on performance. It is clear that boards make better decisions where a range of voices, drawing on different life experiences, can be heard. That mix of voices must include women." (*Women on Boards*, February 2011.)

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That first report espoused a wish to see the promotion of women's development first in senior executive and executive board positions.

**So where are we now?**

It's worth a reminder of how the corporate sector model has moved and changed. *The Female FTSE Board Report 2015*, an annual report produced by Cranfield University's School of Management into female membership of FTSE boards, found that: 23.5 per cent of board membership is female in the FTSE 100; that since 2011, FTSE 250 board female membership has risen from 7.8 per cent to 18 per cent; and the number of all-male boards in the FTSE 250 has decreased from 151 in 2011 to 23 in 2015 (see box: In numbers).

Lord Davies has commented on the "remarkable" rate of change and on the need now to increase the number of female chairs, senior independent directors and executive directors on boards. His *Women on Boards: 5-year summary* report published in October recommended the voluntary target across FTSE 350 companies by the end of the next five years should move to 33 per cent, and that an independent steering body to monitor progress should be established.

Women in Sport has for a number of years been collecting data about the composition of boards, and in 2015 for the first time carried out a comprehensive piece of research – including interviews – to learn about progress in broadening diversity in the sector. *The Trophy Women? 2015 – No More Board Games* report found that, for the boards of National Governing Bodies and other sports organisations

receiving public funding, female membership of boards is averaging 30 per cent and that all boards now have women on them (in 2009 10 NGBs had none). Twenty-nine of the organisations audited, however, have less than a quarter female board membership.

**Transforming board membership**

Connecting with thinking outlined elsewhere in this *CT Brief – Sport & Leisure* are the rigid and narrow governance structures identified by Women in Sport, with a need to move beyond the

male-dominated membership structures and to remedy skills requirements from a less trammelled pool of candidates – ie looking outside the known networks and beyond elections and nominations.

From our own experience in supporting organisations to broaden board diversity, we would highlight the following:

- attention to the routes to board membership and keeping these as open and transparent as possible;
- active encouragement of under-represented groups in the head-hunting and recruitment processes;
- observation of term limits for board members and a rigorous approach to succession planning;
- formal selection processes that look to match applicants to prescribed skills and competencies based around future business objectives – and a diverse interview panel engaged in the selection;
- a wider programme of governance modernisation that ensures the culture and design of the board's work is proactive, strategic and engaging.

Stepping back from all this, it somehow seems extraordinary that a range of activities that are so explicitly for the public good and which inform aspects of our physical and mental wellbeing still fail fully to give women a voice at senior levels – whether as programme directors of various kinds or board members.

**Decision-making dynamics**

Indeed, researchers are beginning to find that the effective decision-making of teams of people is not necessarily driven by technical skills and know-how but rather by degrees of emotional intelligence and how the team dynamics can operate in a way that engages all the people around the table. Recent thinking around the 'smartness' of teams, being generated by Massachusetts Institute of Technology, suggests that collective intelligence "is not strongly correlated with the average or maximum individual intelligence of group members but is correlated with the average social sensitivity of group members, the equality in distribution of conversational turn-taking, and the proportion of females in the group", (*Science*, 2010).

If teams are to operate at their optimum, then cognitive diversity (and combatting insularity) is increasingly being proved to be strengthened by having more women on the team.

To find out how Campbell Tickell can help, email [Radojka@campbelltickell.com](mailto:Radojka@campbelltickell.com)

**In numbers**

**25 per cent**

Sport England wants women to make up a quarter of the board membership of sports governing bodies by 2017

**23.5 per cent**

of board membership is female in the FTSE 100

**85 per cent**

fall in the number of all-male boards in the FTSE 250 between 2011 and 2015

**33 per cent**

recommended female membership target for boards of FTSE 350 companies by the end of 2020

**30 per cent**

average female board membership of National Governing Bodies and other sports bodies receiving public funding







**Iain Turner** researcher, Campbell Tickell

## The good, the bad and the ugly of British sport governance



**“O**ver the past year or so the media has been rife with stories of poor sporting governance, across the world, as well as on our own shores. Sepp Blatter’s demise at FIFA, and Michel Platini’s topple at the top of UEFA are the two most obvious examples, but we have also read about the Russian athletics doping scandal and match-fixing in tennis, which could involve as many as 16 of the sport’s top 50 players.

As ever, things aren’t always as straightforward as they seem. As the governing body of the world’s most popular sport, FIFA undoubtedly needs to get its house in order when it comes to governance. Barely a week went by in 2015 without a headline announcing further scandal at the home of the beautiful game. However a report by Play the Game found World Rugby has a worse governance rating than FIFA, scoring 45.8 per cent and 67.8 per cent respectively, and FIFA actually comes out as second best in comparison with all 35 Olympic international sports federations.

It will be interesting to see how newly elected president, Gianni Infantino, tackles the governance issues at FIFA. Reforms are being introduced already, however, and FIFA officials’ pay will now be disclosed, there will be a limit of three four-year terms for a president, and a new council will replace the existing executive committee, featuring a female representative from each confederation.

### Governance criteria

When considering how well sporting bodies’ governance structures match up, a good place to start is by looking at Sport England’s key criteria for effective governance. These are:

- a legal structure that

Greg Dyke is struggling to modernise the FA



Sepp Blatter was suspended from his role as FIFA president last year amid allegations of financial mismanagement

**“A report by Play the Game found World Rugby has a worse governance rating than FIFA, scoring 45.8 per cent and 67.8 per cent respectively”**

Iain Turner, Campbell Tickell

allows open recruitment to the board;

- transparency and accountability;
- a well-led board with at least 25 per cent independents, usually on two four-year terms;
- appropriate board remit, ideally up to 12 members with strategic focus;
- skilled and diverse board;
- decision-making at the right level.

Chair of the Football Association, Greg Dyke, is currently trying to introduce some of these principles of good governance at the association. According to the *Independent*, resistance to his proposals has apparently led to his decision not to stand for re-election when his four-year term ends this summer.

The FA governance structure includes a board, council and shareholders. At first glance, the structure is near to matching up to SE’s key criteria – the board has two independents and 12 members in total – but at the next tier of the governance structure, the council, strong

challenges emerge.

The FA council has a

staggering 123 members and there is a significant lack of diversity, with very few women or black and minority ethnic members. This huge number and lack of diversity is largely down to the fact there is no limit on how long someone can sit on the council. Members can continue to sit on the council until they die. Any major decisions must pass through the board, the council and the shareholders. This has apparently made it extremely difficult for Dyke to get the majority of his modernising proposals voted through.

Successive reports from various bodies, including parliament’s Culture, Media and Sport Committee, the All-Party Parliamentary Football Group, and Supporters Direct, have also recommended various changes to the FA structure, yet they feel any action has been superficial.

Dyke’s recommendations are not particularly radical. He wants to introduce term limits to the council, with no individual councillor serving more than three three-year terms, as well as merging the council and shareholders to make

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the structure more streamlined and representative. He has made little progress on either front.

**Conflict of interests**

However, the FA is not the only organisation in British sport experiencing governance issues. Successive news reports on London 2017 have shown the organisation responsible for delivering next year's athletics World Championships, is experiencing governance turbulence. It has been reported that three board members have quit in recent weeks, including one independent member, the deputy chair, and most recently the managing director.

The reason for the divide aside, one area of particular concern when looking at the composition of the London 2017 board, is how closely it reflects the UK Athletics board. The chair, chief executive and finance director of UKA all hold the same positions at London 2017. To many, this might represent a serious conflict of interests.

In their leaked resignation letter, the *Guardian* reported that departing board members said these conflicts of interest were creating "significant risk" and that the organisation "lacked transparency". These concerns reflect a different side to the importance of effective governance



Wales Rugby League has received the top governance grading for three consecutive years

structures – while the FA may want to consider the size of its council and the terms and conditions of its membership, the London 2017 board is struggling to communicate independence.

**Good example**

Despite recent negative news coverage, there are a number of British sporting governing bodies that are succeeding in delivering truly transparent, representative and effective governance. One such example, that most people will not have

heard about, is the consistent governance successes of Wales Rugby League.

WRL has received the top self-assurance grading for a national governing body from Sport Wales for three years running, thanks to the high standard of its governance. Sport Wales and Sport England use the same self-assurance system for governance, based on the key criteria listed previously and all bodies that work with Sport England and Sport Wales need to ensure they are adhering to them.

With the launch of the Department for Culture, Media & Sport's new strategy, *Sporting future: a new strategy for an active nation*, national governing bodies and sporting charities, will need to really start to examine their governance structures and ask themselves if they truly are representative of their sport, effective and transparent.

Failure to do this will not only tarnish an organisation's reputation, but could also result in a loss of funding and ultimately have a negative impact on participation and the success of that sport more generally. As Damian Collins, sporting governance campaigner and MP for Folkestone and Hythe, recently wrote for the *Huffington Post*: "Sports governance has become a wild west, but we need more than a lone ranger to combat it."

To discuss the issues raised in this article, email [Iain.turner@campbelltickell.com](mailto:Iain.turner@campbelltickell.com)

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# Board Chair

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For an informal discussion please contact **Radojka Miljevic** on **020 8830 6777** or **Bill Barkworth** on **07706 369 273** or **020 3434 0990**.

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Closing date:  
**Friday 11th of March**





**Radojka Miljevic** partner, Campbell Tickell

## The new sports strategy could have far-reaching benefits



**“E**very government, whatever its political hue, will be prone to worrying about future budgets for the health service. We know, for example, that the UK has the highest level of obesity in western Europe, that changes in modern culture are making us more prone to inactivity, and that our environment will contribute to our levels of activity. A Foresight report (*Tackling Obesities*) in 2007 for the Government Office for Science estimated that by 2050 60 per cent of males and 50 per cent of females could be obese.

Unsurprisingly then, the government's new strategy for sport – *Sporting Future: a new strategy for an active nation* – places a strong emphasis on physical activity (rather than solely formal sports) and its links to other kinds of outcomes. The strategy has been broadly welcomed across the political spectrum after a relative lack of interest in this subject by the coalition government; indeed, some say that sports minister Tracey Crouch has pocketed many of the shadow sports minister's ideas.

The five key outcome measures are:

- physical wellbeing;
- mental wellbeing;
- individual development;

- social and community development;
- economic development.

### Broadening participation

The new strategy is decidedly customer-centric, with investment being targeted at sports projects that have a “meaningful, measurable impact on how they are improving people's lives”.

The government wants more people from every background regularly and meaningfully: a) taking part in sport and physical activity; b) volunteering; and c) experiencing live sport. Broadening participation is to include targeted efforts at those who are often under-represented: women and girls, people with disabilities, people in lower socio-economic groups, and older people. Sport England's role will extend beyond sport to certain kinds of physical activity, such as cycling, dancing and walking, and the strategy looks to focus investment in children from the age of five rather than 14.

UK Sport, Sport England and the home nations Sports Councils are to agree a new UK Sports Governance Code by September 2016 and compliance will be mandatory for any bodies seeking public funding.

While the new code should raise the bar for governance across the sports sector, organisations shouldn't be waiting to see what is coming.

There is a huge amount of information publicly available about ‘good governance’, and boards ought already to be assessing how they perform against some of those core requirements and standards.

A good first step is an examination of who gets to sit around the board table. As with other not-for-profit sectors, there must be a shift away from governance structures that prioritise ‘representation’ and pay insufficient heed to skills and proficiency in strategic planning and direction. If organisations are to set about tackling a wide range of outcomes, it's likely they will benefit from all manner of skills – whether research, marketing, health, housing, financial or commercial.

Moreover, as with other sectors (housing, charity, etc.), sports organisations are under pressure to reduce their reliance on public sector funding and have more of a mixed-income model; Sport England and UK Sport will now set targets around this. It is likely, not only at board level but within the workforce too, that other kinds of skills (for example, business development) will be needed to effect these changes. Some have already been moving in this direction, as we know from our own work with county sports partnerships.

### Diverse boards

The routes to board membership need to be open and navigated in a way that encourages and promotes diversity. Some membership bodies find it difficult to move away from election and nomination processes for fear of alienating their members, but it's helpful to ask searching questions about how many people actually participate in these processes, whether the processes operate in a way that prioritises skills and competencies, and whether the processes are being successful in delivering strategic boards capable of using customer insight to grow participation, activity and inclusion. If historical or cultural reasons mitigate against change, there is still a lot that can be done to promote clarity about the content of the board member role and encourage those who put themselves forward to be people who will enjoy and execute it well.

Governance transformation needs to be handled in a way that doesn't alienate the enthusiasm, commitment and passion for

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**Iain Turner** researcher, Campbell Tickell

## Bad governance nearly cost me my club



“Plymouth Argyle FC’s problems first began when England lost the bid to host the 2018 World Cup to Russia.

Two Japanese-based investors had bought large shares of the then established Championship club from existing board members, with plans apparently solely based on the premise of Plymouth becoming a World Cup city.

The unsuccessful English bid ended the hope of a ground redevelopment, but only after £300,000 had already been spent on laying a new top-of-the-range playing surface. Argyle was then relegated to League One, losing £2.5 million in TV income alone, and an overextended wage bill of £8.5 million quickly started to become very exposed.

### Conflicts of interest

Promised payments of £2 million from the elusive Japanese investors failed to materialise, board members started loaning funds to the club themselves and staff and players went unpaid for months. There were also further governance difficulties when trustees of a supporters training trust, with close links to the Argyle board, agreed to loan the club £300,000 of the charity’s money to help pay off Argyle’s debt. This attracted comment from the Charity Commission, which was concerned about



the failure to disclose conflicts of interest and whether the transaction was genuinely in the charity’s interest. It did, however, recognise that eventually the trustees tried to rectify the situation by seeking to recover the money.

### Mounting debt

Having racked up debts of £10 million, Argyle went into administration in March 2011, were deducted 10 points, and were relegated into League Two, where they fought to survive relegation for two successive seasons and had to sell virtually all of the team’s emerging and existing young talent.

Thankfully my beloved club is now in a much better place – at top end of League Two – having been saved by an astute local businessman. However we are still paying the price for a complete failure in governance, with 50 per cent of the sale of any player

going towards paying back the money owed to various creditors, many of whom have been left significantly out of pocket, and a crumbling grandstand with wooden seats and a fake plastic owl (don’t ask!).

### Need for good governance

These failures and their catastrophic outcomes highlight the need for good governance at any level. There are numerous activities that boards of any organisation, in housing or sport, need to undertake, to ensure they are well positioned to deal with various potential changes to their operating environment and funding streams.

In football it could be relegation to League One, in housing it could be the 1 per cent cut in social rents. The sums are considerable and place pressure on boards to look ahead, model possibilities and scenarios, and create adequate recovery plans for when the dreaded ‘drop’ happens. To discuss any issues in this article, email [Iain.turner@campbelltickell.com](mailto:Iain.turner@campbelltickell.com)

Campbell Tickell is a sponsor of the Why Sport Conference taking place in Manchester on March 9. To find out more, visit: [www.campbelltickell.com/events](http://www.campbelltickell.com/events)

## The new sports strategy could have far-reaching benefits

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sport of the hitherto involved, and boards will still need to understand the kind of grassroots drive that sees banks of volunteers turning out on wet Sundays on football, netball, hockey pitches and suchlike, while contemplating how to nudge people off their sofas.

As with many other sectors, the operating environment for sports organisations is changing. For boards to be proactive in driving change, in thinking about how the future may be different and whether their organisation is fit for purpose, board meeting agendas or away days or strategy sessions need to build in time and space for the board to reflect and to exchange thoughts and ideas with senior staff in a way that fosters a depth of shared

inquiry. This means tabling fewer things to discuss and covering them in more depth.

### Complex environment

Organisations across the not-for-profit sectors now operate in an environment of increased complexity and risk compared with a decade ago. Technology is continuing to transform the way we think and work – every service organisation now has both the luxury of an ample supply of data and the terror of how best to use it.

The squeeze on public funds is driving many socially orientated organisations to

be increasingly commercial in their outlook. Board composition and the design of board work is changing. For

forward-thinking housing, health and sports providers, there are undoubtedly benefits in working together more actively to maximise the impact of their interventions on some of the same client groups. The focus on outcomes across different sectors should be encouraging us all to think more creatively around effective collaboration.

To find out how Campbell Tickell can help, email [Radojka@campbelltickell.com](mailto:Radojka@campbelltickell.com)

“There are undoubtedly benefits in working together more actively to maximise the impact of interventions on some of the same client groups.”



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- ⊕ Broadening Board diversity