

# NOT-FOR-PROFIT

## A good sport

Securing a position on a sporting board requires passion and dedication, but governance remains key, writes Domini Stuart.



Securing a position on a sporting board is no mean feat and for those involved, having a passion for the game is critical. “Some people are so keen to get a boardroom position that they will take anything on offer,” says Catherine Harris AO FAICD, commissioner of the Australian Rugby League Commission and a director of the Australian Sporting Hall of Fame. “But if you have no interest in the sport – or, indeed, the product or service in a corporate setting – the bottom line is that you will get very bored.”

That said, passion can also be a director’s downfall. “Some very well-qualified business people with experience across the corporate sector get on to a sporting board and promptly forget all of their corporate logic and business acumen,” says David Shilbury GAICD, associate dean, Faculty of Business & Law, and chair of the Sport Management Program at Deakin University. “Their obsession with the sport and the players takes over.”

The organisations themselves sometimes put passion and connections ahead of boardroom skills. “Effective governance in sport needs people who can exercise independence in decision-making and this is not always possible when people are directly involved with the game,” says Gillian McFee FAICD, a director of RSL Care Ltd and a former director of Basketball Australia. “It can also lead to conflicts of interest.”

Some rugby and football clubs have boards at two levels. Problems can arise where the sporting club has the right to appoint one, two or three directors to the individual club board.

“This not only brings the independence of directors into question, it also limits the board’s ability to select directors for their skills,” says Harris. The use of performance-enhancing drugs has also called the quality of sports governance into question. “What happened at the Essendon Football Club is a

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classic example – and it reinforces my belief that too few directors have appropriate knowledge of the sport industry,” says Shilbury. “In the case of Essendon I would argue that most of the directors failed to understand the importance or the significance of the wider anti-doping code. Their first responsibility was the good governance of their football club and its ongoing sustainability but, instead, they took a defiant approach and decided to fight both the code and the allegations. As a result, the incident has dragged on for four years.”

### The need for diversity

Catherine Ordway is professor of Practice (Sports Management) at La Trobe University, a senior consultant with Snedden Hall & Gallop's Sports Law Group and consults to Olympic bidding cities, government agencies and sports organisations on issues of integrity and anti-doping. She believes that having more women on sports boards would help to reduce match-fixing and corruption as well as doping.

“Early indications from my PhD research support the idea that you get better board outcomes – not because women are more moral or nurturing than men, but because diversity on boards tends to break up ‘groupthink,’” she says. “If you have 10 people sitting on the same board for 20 or more years who all went to the same school and played the same sport, there's a very high risk that they will just go with the flow and not ask the tough questions. That's why there's limited value in appointing women from the same backgrounds as the men – boards need diversity in terms of culture and experience as well as gender.”

Despite attempts to encourage greater diversity, the pace of change is glacially slow. For example, in 2013, the Australian Sports Commission set a target of 40 per cent female representation on the boards of funded National Sporting

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Organisations (NSOs). Two years later it “named and shamed” those lagging behind: archery with 17 per cent; boxing with 14 per cent; and the Australian Paralympic Committee with just 10 per cent.

Throughout the industry, women are not held in the same esteem as their male counterparts. More representation on governing bodies could help to rectify this, as could greater investment in women's sport. “This could include funding for new, shared service business models that could help to sustain smaller community-based sports,” says McFee.

### Understanding the role

However, there are some signs of improvement in overall governance. “More organisations are recognising that directors must work at a macro level rather than getting involved in the sport on a day-to-day basis,” says Shilbury. “The problem is that it's still quite difficult to find people who understand the sport industry, have some background experience, understand the role of a director and are good independent thinkers. I think that will change as graduates of sport management courses with a really good understanding of the specific codes and compliance issues start to move from management positions into the boardroom.” There

are also National Sports Governance Principles that apply to every funded NSO. “These were developed by the Australian Sports Commission as part of the government's ‘Winning Edge’ strategy,” says McFee. “This has the stated objective of ensuring that NSOs have the structure, workforce and leadership capacity to develop successful programs, to achieve competitive results and to spend taxpayer funding effectively.”

### Assessing the risks

Before joining any board, a director must do thorough due diligence and have a clear understanding of the risks involved. “If you're considering a sports board, you should also satisfy yourself that all aspects of the corporate structure are aligned,” says McFee. “If they're not, the growth and development of the sport can be adversely affected. Understanding the cultural aspects of sports governance, especially valuing and respecting its largely volunteer community base, is also very important.”

Directors joining the boards of larger sporting bodies must also be prepared for intense media scrutiny.

“If a bank fires a badly behaved trader it's unlikely to make the front page of the newspapers or destroy the whole of the business,” says Harris. “But, if a big sporting body gets rid of a badly behaved key player it will not only be big news it could destroy the chances of the club winning a major title. For the integrity of the club and the sport you have to be prepared to make those tough decisions.”

At the same time, sitting on a sporting board can be both interesting and rewarding. “The strategic aspects of sport fascinate me because strategy and leadership extends into so many areas including marketing, communications, digital media, event management and community engagement,” says McFee. “Good governance is not just about the sport.” ■

### Thinking of joining a sports board?

- Choose a sport that interests you.
- Do due diligence as thoroughly as you would before joining a corporate board.
- Look for diversity and independent thinking.
- Remember your role will be to govern, not to be involved with the sport and the players on a day-to-day basis.
- Familiarise yourself with the nuances of the industry and its specific regulatory codes.
- Be prepared to make tough decisions that could put you in the media spotlight.
- A smaller community-based sport board could be a good place to start your boardroom career if it has a competent and experienced chairman.