

Governance and Organisational Review

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NZ Bridge New Zealand
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With thanks to all those bridge players and supporters of the game of bridge,
who took time to talk about the sport they love during July and August 2015

EXECUTIVE SUMMARY

The Board of NZB has recognised that it is challenging times ahead for NZB and its affiliates. The organisation has developed sound processes and procedures, and has undertaken this review in order to determine barriers and opportunities to delivering to their strategic goals. It is looking to engage with membership, assess the organisational structure in light of stated strategic objectives and determine the most effective and efficient means of focusing energies and effort toward growing the game.

There is a sense of disengagement by the clubs from NZB, and this paper suggests where that may have stemmed from and proposes, with supporting research and possible implications, some points for review:

- Separate governance and management for clear strategic thinking and overview
- Consider a mixture of elected and appointed board members,
- Review the Regional Committee structure and consider options to support regional functionality and enhance delivery while developing some consistency in operation,
- Consider the management support and resources the organisation will require to deliver to the strategic objectives.

It was made clear to all that the focus of the interviews was to gather perceptions of value and effectiveness of the NZB structure and operations, and to get feedback on the concerns and challenges facing Clubs and their membership, relating to their understanding of NZB. All spoken to were happy to give up their time and talk – bringing their enthusiasm and passion for the game into all their comments.

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Governance and Organisational Structure Review

Background

In 2007 a significant strategy meeting was held in Wellington to review and restructure NZCBA (originally formed in 1936). As a result the NZCBA was disestablished, and NZB structure and remit was formed at the AGM 2007. It includes:

- an elected (volunteer) Board from NZB membership for 3 year term,
- Regional Committees (also formed from elected volunteers) are committees of the Board to manage and facilitate the game in their regions
- a paid full time Secretary and part time Marketing and other consultant positions

NZB currently supports:

- 107 clubs, nationwide – 6 of whom have paid members of staff;
- Membership levels of just over 13,500¹
- An extensive national tournament calendar of over 500 tournaments a year
- Annual congress (Hamilton, end of September) attracting +550 players (about 4% of membership)

Location and resources:

- The Board meets monthly in Wellington
- The Secretary is based in Palmerton North
- Assets are stored in Hamilton
- Development is based in Auckland
- Equity of \$671,526²
- Fixed assets \$38,430³

Currently working from a Business Strategy that identifies a growth strategy around ⁴

1. Come to know the bridge community and in turn ensure that the bridge community know us
2. Provide a service to the bridge community that is relevant to its needs
3. Provide the framework for the bridge community to flourish and grow in the future
4. Be the conduit for participation in the International bridge community

¹ 2014-2015 Accounts

² 2014-2015 Accounts

³ 2014-2015 Accounts

⁴ Board Document dated April 2015

2015 Review -Terms of Reference

The NZB board agreed to undertake a review the current governance and management of the organisation by engaging with stakeholders.

It was recognised that any such objective review will need to:

- Include input from a range of stakeholders including current Board members, staff, regional committees and clubs, members and players;
- Investigate similar sized not for profit/sporting organisations for potential best practise models
- Have access to a range of information regarding strategy and operations of NZB

It is expected that a report on findings will:

- Focus on current growth strategy of the NZB
- Provide supporting evidence for any recommendations for change
- Will consider all financial implications and other inherent risks

The timing of this review:

- Approval by Board to proceed early July 2015
- Collection of information –by mid-August
- Draft report completed by end of August 2015
- Presentation to Board mid-September 2015

Methodology

Twenty five interviews (mixture of face to face and telephone) have taken been undertaken. These included a range of players and interested parties involved with clubs and regional committees, employees of NZB and of clubs and members. The interview was based on a questionnaire focused around the following topics:

- NZB Inc – its role, and perceptions of effectiveness and value
- Regional Committees – their roles, and perceptions of effectiveness and value
- Perceived challenges facing clubs across NZ
- Perceived challenges facing bridge across NZ

Each interview took an hour or more, and for some there has been follow up for clarification or additional information. All participants were promised anonymity so they could speak freely.

The assumption made in this review is that bridge regards itself as a 'sporting organisation', frequently referring to itself as a 'mind game' and seeking support through sport funding. It is also structured and managed in the way of sports clubs. 'These organisations are responsible for maintaining the rules and organisations of a code, and work with clubs of the same code to deliver services to their members.'⁵

On that premise, meetings and follow up research were undertaken directly with two sporting clubs – NZ Bowls and NZ Water Polo - to determine their issues around, and approach to, challenges of governance and organisation, and changing levels of participation and involvement of members and volunteers, and associated financial implications. As well, information was gathered directly from two national NGO's - Plunket and Garden to Table Trust, and recent academic research was reviewed, with a focus on trends and attitudes to club membership, volunteering and 'sport' participation rates and expectations. Of particular relevance were a number of case studies, including one on governance and organisational practises in NZ Squash and NZ Football⁶, and one on national-regional relations and governance challenges faced by NZ Tennis⁷.

As was to be expected interviewees provided not only feedback on the structure and organisation of NZB but lots of ideas for change and 'how to' and these are recorded for reference in Appendix 1. It is not in the scope of this document to recommend or comment on these.

⁵ Ferkins, L et al (2010)

⁶ Ferkins, L. et al (2012)

⁷ Ferkins, L. et al (2010)

Summary of Findings

Sports associations sit somewhere on the line between small, independent member associations with volunteer execution, through to professional boards with paid staff and administration offices. In the sport management domain, governance is considered to be one of the most influential elements for the success of a non-profit organisation, no matter the size.⁸ The key responsibilities of a Board to deliver on strong governance are around forward visioning and strategic focus of the board, and the monitoring and accountability functions – described with the terms ‘performance and conformance.’⁹

The Purpose

Those interviewed had a clear understanding and appreciation that the purpose of NZB includes management of Masterpoints and international players, and the development and maintenance of processes, procedures and standards, and the working toward the ‘promotion and betterment of the game’. However, perceptions around extent and success of delivery and level of focus of these outcomes are varied, as are personal perceptions around relevance.

There was overwhelming agreement that the maintaining of standards, Masterpoints and general administration is done well.

However as respondents articulated:

“This doesn’t help most of the clubs, make a difference to membership ‘numbers’ or move the game forward in anyway, in local areas.”

“NZB is focused on processes, procedures and administration, and elite players, and is out of touch with its membership and their Clubs.

On prompting, acknowledgement was given, and appreciation was noted, for the work done recently providing teaching material and support materials for the clubs, and there was recognition this was a very positive move.

Structure

The challenge facing a growing organisation is that needs and priorities change, and as a consequence, skills and structures to support these changes need to be reviewed.

Clubs, regional committees and the Board are comprised of volunteers elected from the membership, with clear policies around length of tenure and eligibility to stand. An organisation

⁸ Balduck, 2010

⁹ Ferkins et al, 2012

dependent on them carries risk, as it is reliant on attracting a diversity of skills and knowledge, a time commitment, and the need to deliver management and support to ensure the volunteers are resourced and focused to deliver to strategic outcomes. Volunteer reliance can create continuity issues, demographic imbalance (those who have more free time tend to be older) and the driving of personal agendas can derail strategic direction.¹⁰ The ability to recruit able volunteers to these committees, from a clearly defined pool of eligible candidates, is expected to become more difficult, as indicated by findings overseas on the changing expectations and availability of volunteers, as people become time poor, work longer and have higher expectations of return on their time investment.¹¹ This is as true at Club level as it is a Board level.

This reliance, together with increasing expectations from NZ Companies Office and Charities Commission around responsibilities and duties of directors/ committee members may, with time, create risks from a the selection process.

“Only as good as the skills they bring”,

“Everyone brings their own agenda, and can be hard to get them to support other initiatives.”

NZ Plunket had a strong local, regional and national volunteer base, with Board and regional committees all volunteers. As statutory requirements increased (HR, OSH, financial) demands made of committees, and those on them, grew. At the same time more mothers returned to work, volunteer numbers fell, post natal child health providers entered the market and the Plunket model of regional and local delivery was put under severe strain. Plunket went with a more national approach – both with fund raising and delivery of services – and reduced its reliance on volunteers. The downside has been a less engaged local network but with more cohesion in its delivery of child health outcomes and message.

The Board of NZB has been providing both strategic direction and operational support, based on the skills and interest of those on the Board. There is a risk in this lack of distinction between governance and operational matters that links back to the volunteer nature and length of tenure of the Board appointments – creating a loss of operational skills and institutional knowledge each time a member leaves the Board, and a challenge to reconcile operational interests to strategic direction.

¹⁰ Shaw. S et al, (2014)

¹¹ Aked J et al (2015)

NZ Water Polo is currently undergoing a structure review. Their Board comprised passionate ex-players, who undertook tasks relating to operational matters that interested them, as well as undertaking their governance responsibilities. This was to the detriment of the organisation's focus (no accountability, no cohesion, and no strategy). They are currently moving to a Board focused solely on Governance, with a mixture of professional directors bringing specific skills and experience, together with players who know the game and sport networks.

Trustees and director recruitment can be challenging with membership based board models, as the constitution often clearly defines the pool from which appointees can be sourced, which can create a skills imbalance. Skills identification (and development) and a capability assessment becomes an important investment that a Board can make in its own structure.

The Regional Committees, designed to connect and support local clubs, are perceived by some as another layer of administration and involving "More meetings for time and energy poor volunteers." As well, the need for involvement from Club level to support the Regional Committees is perceived as requiring additional resources from Clubs, and commitment from those who feel they are already volunteering to the capacity of their time and skills.

Many do not have a clear understanding of the role of Regional committees – with many feeling they are a conduit of Board directives. Many identified the challenges of the Regional Committees trying to operate across large distances as a major short coming of the model. Indeed, research identifies one of the main challenges faced by many sporting organisations is the connection or lack of with regional entities. Tennis NZ found "the provincial delivery mechanism to be an impediment to board strategic function"¹²; and NZ Squash: there is "a lack of strategy at district level – there is no strategy at all; it is all day to day."¹³

"While the role of National Sporting Organisation has come to encompass the governance of the sporting code at all levels, there exists within that jurisdiction, multiple separate legal entities. Each entity is typically an incorporated organisation with its own constitution and governing committee. This 'together' yet 'separate' structure has created tension in the way these entities have interfaced in the delivery of sporting opportunities. This has proved to be a major stumbling block in the National (Tennis) Board's ability to enact strategic priorities."¹⁴

¹² Ferkin L et al (2010)

¹³ Ferkin L et al, (2012)

¹⁴ Ferkin L et al (2010)

There seems to be a perception by members of a disconnect between the NZB and the Clubs – articulated in the form of communication challenges and the ability to be heard.

‘Actions come as directives.’

‘ We always feel they are disappointed in us.’

‘No one is listening’,

‘There is no ownership by NZB of club feedback – no acknowledgement and no discussion’,

‘No notice is taken and nothing is binding’.

As one respondent put it –‘the opportunity to voice for change at club level has been lost.’

In response to further questions about this perception of a communication breakdown, it became apparent that there was a lack of understanding about which person or group carried this responsibility - not just of notice and reporting requirements, but the sharing of ideas, listening, engaging and supporting at club level, problem solving. There does seem to be a real interest in what is going on but feedback includes:

‘No transparency’;

‘No record of discussions.’

The Membership Model

The issues NZ clubs are facing, day to day, are not the development of international players or Masterpoint rankings, but rather the gaining and retaining of members, balancing books at the end of the year and keeping a functioning committee to manage and govern the clubs affairs. As Alastair Stuck succinctly put it – bridge is a sport in which 2 members die a week! Fifty percent of bridge clubs have less than 100 members, and almost all are staffed by volunteers/committee members.

Falling membership is a world-wide problem facing a range of clubs and organisations – sports clubs, social clubs, and community groups, and others such as Rotary, Lions etc. Although the population base is getting older, they are keeping active longer, working longer and much more demanding of value. Trends do include more interest in looking out of the home for entertainment and leisure options and social interaction, but there are higher expectations of environment and value for money. They have less time, so want to spend it well.

Bridge has both an up and down side to this changing need – it needs limited resources to set up, and can be easily played at home, with friends or on-line. But the challenge is not just increasing the

number of players, but to encourage them to belong to a NZB affiliated club. Even if they play no competitive bridge for some time, they are socialising and bringing table money to support the club. There are two growing, privately owned bridge clubs in NZ and their success in terms of size, retention and play levels provide NZB and other clubs with a reference around changing expectations of new bridge players to support, service and atmosphere.

NZ Bowls has faced similar challenges. “The way we live has changed, and the way we deliver sport must change. Traditional membership numbers (in NZ bowls) continue to decline but our total participation numbers are now at well over 100,000....Many folk are now time poor but are prepared to pay for their entertainment.”¹⁵ “.. We have adapted and targeted our game to better meet the needs of those wanting to play the game i.e. a customer focus. Returns from our clubs show an increasing number of participants playing in competitions that are provided by clubs who are prepared to be innovative and flexible in what they provide. In contrast the numbers of playing members, who engage in what we call the traditional game, continue to decline. Growth will only occur in those clubs prepared to embrace change. Traditional sports must reinvent themselves to focus on what their customers want.”¹⁶

NZ Water Polo identified that their structure was focused on elite players resulting in a large drop off of membership once structured competitions were no longer offered. They are looking to develop a graded membership based on level of playing, and are focused on developing forms of the game to keep players engaged and involved at all levels of interest and ability.

NZB, dependent on Masterpoint and membership fees for 90% of its annual revenue, needs to accept that with falling, or at best steady membership numbers likely to remain for some time together with increasing costs, the model based solely on these revenue streams are becoming unsustainable. It is likely that a point will come when Clubs and their membership will struggle to absorb increasing fees (large number of players on fixed income, increasing costs of club management), and Clubs need help not just to grow their membership numbers but also to increase the participation numbers at their clubs.

Financial

It was difficult to get a sense that anyone understood how the levy added value to their club(s) and their members. It is not seen as being invested for the furthering of bridge for the many – but rather

¹⁵ Chairman’s message, 18th Annual Report of Bowls NZ Incorporated

¹⁶ CEO’s Message, 18th Annual Report of Bowls NZ Incorporated

for the support of a few. Many of those participating in club governance talked about lack of value from NZB – the perceived focus of NZB (competitions and international players) is at odds with club priorities of getting and keeping membership, most of whom do not play bridge beyond their club play.

One of the strongest comments:

‘To belong to an organisation which appears to value you only for the membership fee you pay, is disempowering’

Conclusion

Organisations evolve as expectations from their stakeholders, and external and internal conditions, change. Regular review and reflection of structure and delivery provides the opportunity to realign and re-engage. NZB is both master and servant – as it is owned by its members and works to deliver for its members - but it needs also to co-ordinate and direct outcomes from them. The challenge is how to engage and work regionally and locally to deliver national strategic priorities and how to create a structure that encourages collective and co-operative behaviour that furthers these priorities.

The current structure is perceived as one of push down from the Board through the regional committees to the clubs, and this is creating push back from the clubs, who express feelings of powerlessness in their own organisation. Some of the Regional Committees feel they are doing operational work as delegated by NZB rather than representing the clubs that elected them.

Many of the comments were expressed as frustrations around communication – not at individuals boards or committees, - but at a structure that is not providing them with a clear means of being heard. All those interviewed expressed enthusiasm for this review and for the opportunity to have their say. As part of the 2016-17 strategy the NZB Board has stated that NZB wants to get to know their clubs: this call for action provides the opportunity.

Recommendation for Change: for consideration and discussion

The focus for NZB has been to rebuild its capability and capacity and to develop policies, processes and procedures (conformance) to provide a sound base and resources from which to look to the future. Many people have invested considerable time and energy in establishing NZB to the point that it can be strategic in its thinking rather than reactive in its delivery.

The following are areas the NZB and its membership can consider and prioritise as a means of investing in the future (performance) to play a key and productive role in the nurturing and supporting club bridge across New Zealand.

Review the Board composition and function.

Refocus the Board to be Governance only – visionary and strategic in its focus

- Include a mix of professional directors to ensure strong governance skills (HR, Finance, Strategy, Business Development) and impartiality, as well as representatives from bridge (to bring a range of sport knowledge and networks)
- Ensure good induction and training (understand the responsibilities and liabilities of being a Board member)
- Meet 4 times a year for a full day in one place, and use technology and sub committees if needed for other meetings (be focused on best use of time, resources and funds)
- Financial reporting monthly (by Finance Sub Committee).

Operational Leadership, Management and Staff.

Review the operational structure to ensure it can take on all operational responsibilities required from the Strategic and Business Plans.

It will be necessary to:

- Invest in the organisation structure so it can continue to move forward even as volunteer committees change
- Consider developing and recruiting staff to deliver :
 - o A **leadership** role that will lead and unite all stakeholders, with a focus on supporting bridge players and members, seek funding, and partnership and promotional opportunities. Responsible for developing and implementing operational plan and budget;
 - o **An Administration** role to focus on record keeping and office management, club liaison
 - o **Promotional role** that manages tournaments, communications and congress,

- **High Performance role** focused on development of the game, resources, standards
- Consider the value of an office that is permanent and accessible

Develop a strategy to facilitate regional relationships

Consider how the Regional Committees can be better resourced to support, promote and encourage locally, while delivering under some clear directives to ensure consistency of delivery.

The focus should be to:

- Provide an opportunity to focus on the strategic strands of 'Getting to know the bridge community' and 'Provide a service to the bridge community that is relevant to their needs.'
- Provide an opportunity to encourage the building of local capability and encourage the creation of working regional links
- Be outcome focused on delivering to strategy, responsive to needs and local in engagement.

Review Financial Reporting

Review the presentation of the budget and the accounts to members.

- Make it clear that the levy and Masterpoints funding goes back into bridge in NZ, while other fund raising initiatives such as tournaments, Congress etc. fund international teams. It is the tournament players who are likely to be aspiring to go overseas.
- Have a clear strategy on how 'give back' to clubs – underwriting overseas speakers, funding support for isolated areas (directors, etc.), sharing ideas and coaching for club governance etc., were some of the ideas that came back from membership.

Implications

Structure

The Board: The Trust Deed/Constitution will have clear directives and expectations around the development and formation of Boards and Committees. Any change in structure, election and eligibility of officers will need to be reviewed through this process before any change can be considered. (NZ Tennis went through this process with an organisational review in 2005, 6 years after a governance board had replaced a management committee. The consultation and decision process took ten months, before implementation of recommendations.)

The Management: The board and management need to determine the range of skills required in order to implement the strategic plan – both short and long term - and the development of an operational plan will highlight the short and long term needs.

Financial

The 2016-17 budgets should be driven by the operational plan requirements which are focused on the NZB strategic priorities. Savings should be sought, and new opportunities for support should be explored. As examples: - If the Board reduces the number of meetings it holds its expenses should decrease; -If regional committees are supported by employed staff, the regional levy can be applied to their wages/salaries; - if such skills are part of the employed roles, the accounting function could be bought in house.

If investment in staff resources is made, then savings should be able to be made in expenditure items, although investment from reserves may need to be considered to initially resource and support them. However, if they are delivering to expectations they should be driving revenue from increasing membership, and from other sources such as sales, funding, and sponsorship and from savings they are able to make.

Appendix 1:

Feedback to Question about Challenges Ahead

Need to rebuild the profile:

- Not fuddy duddy
- Not for old people
- Fun to play
- Make the game aspirational – hurdles seem too high (time commitment, etiquette)
- Develop some personalities
- Be prepared to use an expert marketing group
- Consider conference as a showpiece

Engage all (more) players

- Support the average player....
- Tiered membership based on competition playing
- Customer service
- Manage the ranking so not so exclusive
- Levy should be graded based on participation
- Find a better way to share information
- Get the overseas players (and that funding) back to share with the clubs
- Celebrate achievements

Help the clubs

- Governance
- Succession planning
- Financial
- Make things more affordable/accessible
- Find a better way to share information

Technology:

- Can play on line (opt out of club play)
- Use it to coach the clubs
- Use it to engage with non-affiliated members
- Provide online scoring (affordable)
- Software, aps, communication
- Challenge for some clubs to manage website

Congress:

- Opportunity to re-launch, refresh, reinvigorate
- Make it worth coming to (holiday, social, bridge, press)
- Include something for new players
- Speakers (outside of bridge – fund raising, brain function etc.)
- Media event (accessible and interesting)
- Focus less on cost and more on engagement

Develop other revenue streams:

- Sell material
- Manage scoring programme etc. etc.
- Run national events

Develop a strategy to engage with:

New migrants
Non-affiliated members

Develop more resources for sharing

Refresher Course
Fun tournament options for Clubs to share
Shorter forms of the game

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