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The five
constraints
limiting the
performance
of sport
boards

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Mike Squires

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“In over 30 years working in the sports industry I have never seen such disruption across the sector.”

The intense commercial pressures of the modern sporting landscape range from falling media rights values and increasing corporate sponsor demands through to the need for an effective digital strategy.

These challenges inevitably fall at the feet of the Chair of the sports board with whom, quite correctly, the buck stops. But I also see added demands on executive management teams, which is reflected in their increasingly higher salaries.

Of all the responsibilities of the modern sports board, the most fundamental is probably the governance, structure and make-up of the board itself. From our experience of advising a wide range of sporting bodies there are five critical constraining factors influencing board composition and effectiveness. These constraints often exist because of historic rules created for very different times. The big four of Rugby, Tennis, Football and Cricket can trace their governance structure back to the mid 1800s.

Mike Squires
SRI Chairman, London

M: +44(0) 7990 581 515
msquires@sriexecutive.com



These constraints include;

Eligibility

Many heritage sports with rich histories have a deep-rooted volunteer culture. Some sports traditionally limit eligibility to become a Board member to their internal volunteer network - a small candidate base with a narrow field of experience and expertise.

Suitability

The challenges facing boards today require skills and experience which extend far beyond the traditional eligible candidate pool. The suitability to face these challenges are rarely met from within the limited field of eligible candidates.

Remuneration

The historic culture and volunteer ethos have meant that there is often no structure, or willingness, to pay Directors other than the reimbursement of expenses. The pool of potential candidates is thus even further limited to those who are either retired with generous pensions or who have the financial security to allow them to take on non-remunerated roles.

Diversity

Acceptance of the link between board diversity and performance means that this is a goal that has moved well beyond a 'box ticking' exercise. Boards generally now strive for genuine diversity of thought. Yet, however powerful their ambition, historic governance rules, especially in the area of eligibility, can thwart their intentions.

Tenure

Adopting public company governance guidelines on limiting tenure can be a major problem for sports organisations. It is tough enough to find suitably qualified candidates and a waste of valuable resources to lose them too early. This is especially true for sports working on the four-year cycle of the Olympic Games or World Cups. Just when a director is fully operational, they have to leave the Board.

Boards and executive teams are responding to these constraints in various ways. In some cases, power, influence and decision-making is shifting away from the traditional governance structure to a smaller group of executives. We are seeing rules on time limits being bent or ignored. Remuneration is being introduced as a way to bring accountability and responsibility to a position.

But from our experience at SRI, the single most important contributing factor which has had the greatest impact on Board performance is seen with those Boards who have altered their governance rules to allow the appointment of Independent Non-Executives.

Even the most traditional organisations are now recognising that the appointment of INEDs can address all the above issues. INEDs may not solve all the challenges facing sports bodies but they certainly elevate the relevant experience around the board room table and bring a new perspective and a 'breath of fresh air.'



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Contact



Mike Squires

SRI Chairman

M: +44(0) 7990 581 515

msquires@sriexecutive.com

About the Author

Mike Squires became an executive search consultant in 1982, leading his first CEO assignment in 1985 to appoint the first external CEO of the then Football League, some years before the breakaway of the Premier League. Following his appointments as CEO of major search firms and working in Zurich and New York, he returned to London, and has been Chairman of SRI for the last 12 years. During this time, SRI has grown in size and reputation to become the recognised leader across the converging global sports, media and entertainment sectors.

About SRI

SRI is an executive search and talent consulting firm focused on shaping the futures of clients and candidates across the media, content, technology and sport landscape. We have deep expertise in these dynamic, disrupted and increasingly interconnected sectors. We partner with our clients to find the game changing leaders that will help them thrive. SRI has worked with a broad range of companies from content owners to fast growth consumer technology disruptors to shape their businesses.



SRI works with many of the world's leading sports companies and boards:

