



Emerging Issues in Sports Management and Challenges for Directors

NSW State Sporting Organisations
Professional Development Webinar

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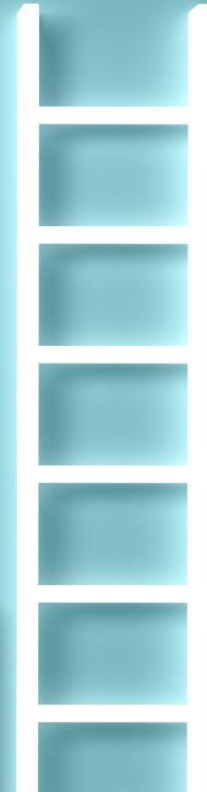
Opening Comments

The webinar invitation referred to emerging issues, challenges, disruptive trends and the need for adjustment by boards and senior management to cope with it all.

Funding pressures, rising costs, etc, etc all present serious challenges for any sport and its operations — and, as a result, board members need to be prepared to face them.

Board members and senior management need to think differently about disruptive trends and emergent risks, and change the way they think when making decisions.

Today's webinar breaks this down into two parts – Part 1 identifying the threats, and Part 2 addressing them.



PART 1 – Present & emerging issues

The evolving landscape of sports management

A global view



‘In a 2023 survey, 84% of respondents acknowledged that understanding the impact of sustainability on their organisation and defining ownership for driving progress and outcomes is important to their organisations’ success.

Yet only 21% believed that their organisations were very ready to address such issues.’

Deloitte 2023 Global Human Capital Trends survey

The evolving landscape of sports management

A global view

‘Youth Sports Organizers are working hard to facilitate opportunities for kids to play sports and ensure the future of talented athletes. However, they face many challenges, some within their control and others beyond.

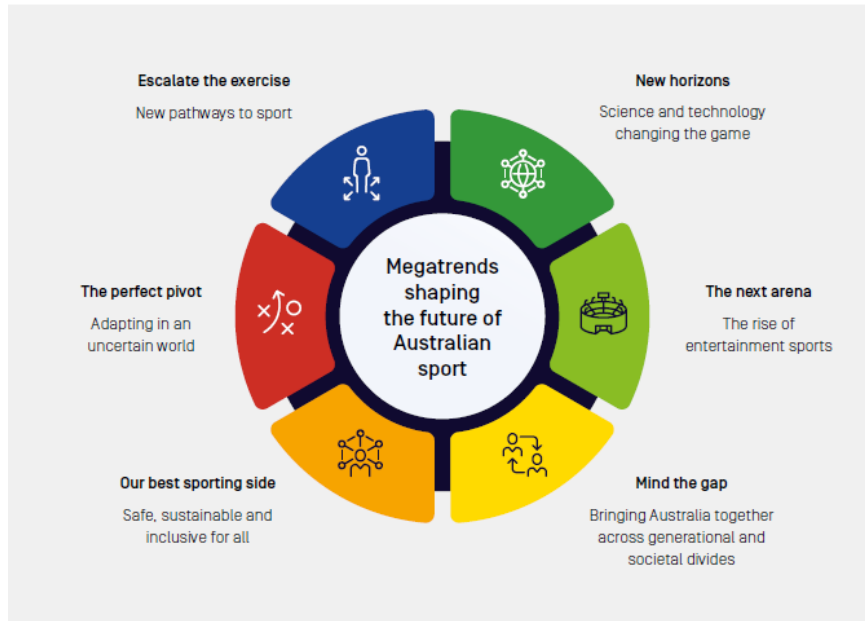
These challenges include finding and retaining quality coaches, managing administrative tasks, securing access to facilities, operating on limited resources, finding sponsors, securing affordable insurance coverage, and addressing the decline in participation rates.’

[Top business challenges of youth sports organizers in 2023 and beyond \(sportsplus.blog\)](https://sportsplus.blog)



The future of Australian sport

Australian Sports Commission Report – December 2022



- “Australian sports, and the ways in which we engage with sport and physical exercise, are being transformed by new technologies, changing environmental conditions, shifting value systems, new habits and lifestyles and the increasing diversity of the Australian population.”

Present and emerging issues

Looking ahead to 2032

“...clubs need to evolve to suit the needs and wants of today’s participants and volunteers.”

“By understanding the challenges and changes facing sport, we can better face them and embrace the opportunities they create.”

Kieran Perkins OAM
Australian Sports Commission CEO



Changes and challenges that will impact the future

Transformative changes are expected in:

- technological advancements
- changing environmental conditions
- generational shifts in value systems
- new habits and lifestyles, and
- the increasing diversity of the Australian population

Business challenges include:

- continued viability
- managing administrative tasks
- operating on limited resources
- remaining relevant, and
- maintaining participation rates

Closer to home...

Some transformative changes that will impact SSOs

Transformative change	Potential Impact (<u>O</u> pportunity/ <u>R</u> isk)
Technology	<ul style="list-style-type: none">• management systems and communications (O)• sports science and medicine, coaching, organisation (O)• increased cyber risks (R)• Increased operating costs (R)
Increase in alternative sports entertainment <ul style="list-style-type: none">- individual fitness-based activity- digital sports and e-sports- adventure sports	<ul style="list-style-type: none">• reduced participation rates in formalised sports overall (R)• increased competition with other sports (R)• new revenue streams (O)
New habits and lifestyles <ul style="list-style-type: none">- remote working- aging adult population	<ul style="list-style-type: none">• reduced potential participants (R)• increased potential participants (in regional areas) (O)
Population diversity	<ul style="list-style-type: none">• cultural differences (O/R)• gender imbalance (R)

Closer to home...

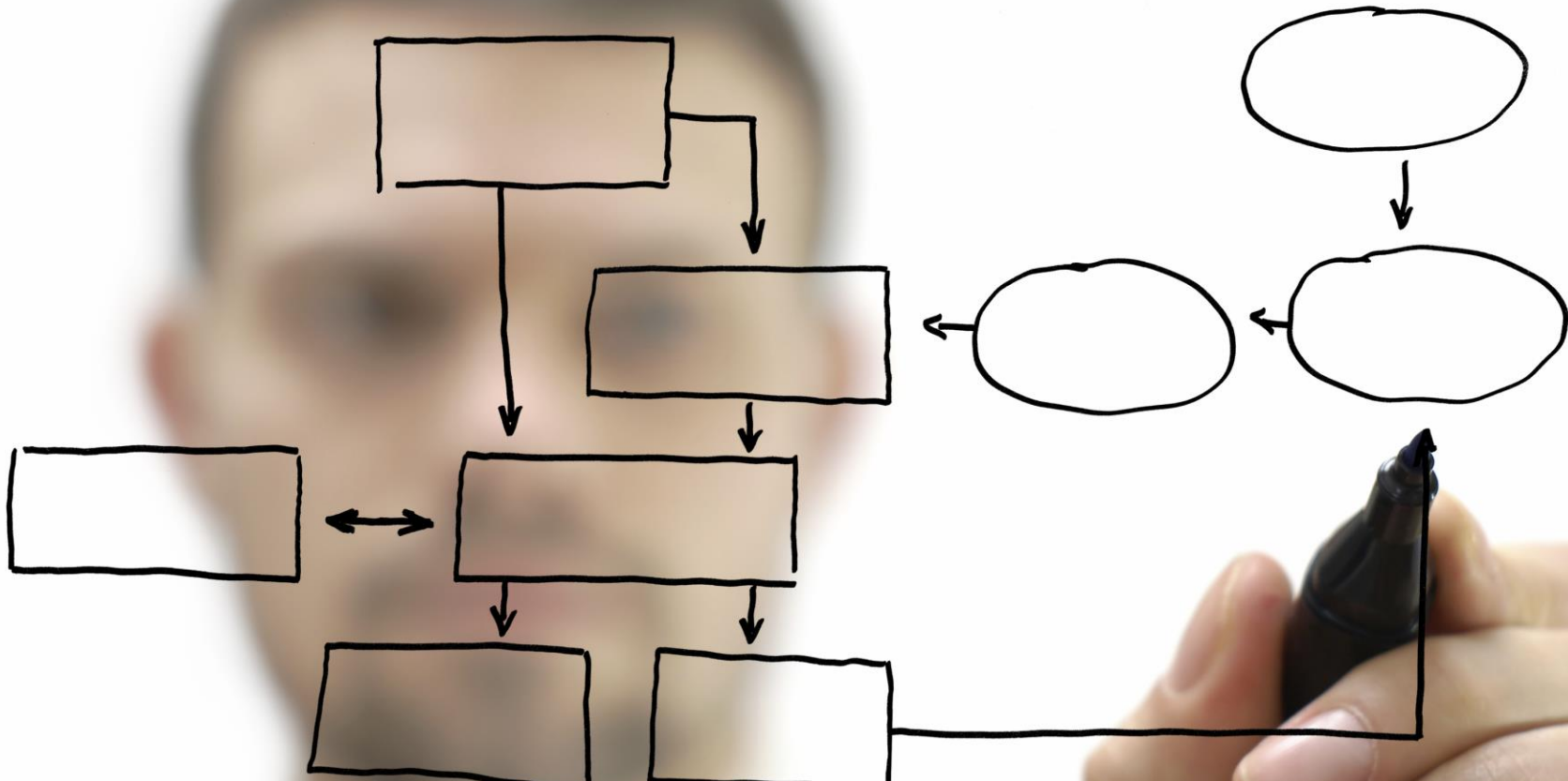
Business challenges continue

Business challenges	Potential Impact
Funding	<ul style="list-style-type: none">• reliability and sustainability of funding sources• ongoing viability
Inflation	<ul style="list-style-type: none">• increased operating costs• increased cost of living• reduced participation
New lifestyles <ul style="list-style-type: none">- remote working- flexible work hours- aging adult population	<ul style="list-style-type: none">• recruitment challenges• stronger competition in a dwindling pool of talent
Volunteer burnout	<ul style="list-style-type: none">• reduced availability• increased psychosocial hazards

Current economic conditions

Inflationary impacts

- Cost (both time and financial) has been a challenge for participants for many years, however the current round of inflation has exacerbated the situation.
- Increased cost of living impacts the whole community, including SSOs, employees, sports participants and volunteers. e.g.
 - SSO's cost increases outstripping revenue growth
 - increased travel costs for employees, volunteers and sports participants
 - reduced time to participate in sport due to employment issues, particularly where parents are involved.
- SSO's need to consider the impact that increased costs combined with some historical participant inhibitors such as excessive travel and inconvenient training times could have on participation rates.
- Lessons learned during the Covid pandemic are also equally relevant now; e.g.
 - cash flow management (November 2020 webinar "*Cautious emergence – Post COVID recovery*")
 - proactive decision making (March 2021 webinar "*Emerging with confidence and focus*")
 - improved governance (May 2021 webinar "*Effective Board/Management Relationships*")
 - building business resilience (March 2022 "*Business resilience*")



PART 2 – Dealing with changes and challenges – what's your game plan?

Facing challenges

Understanding your potential

Controlling challenges your organisation will face is impossible, however, what you can control is how you react to them. A resilient organisation will not only be more likely to survive severe disruption, but will also be more capable of taking advantage of any opportunities that may be provided by timely adaption and reaction.

*March 2022 Webinar
"Business resilience"*

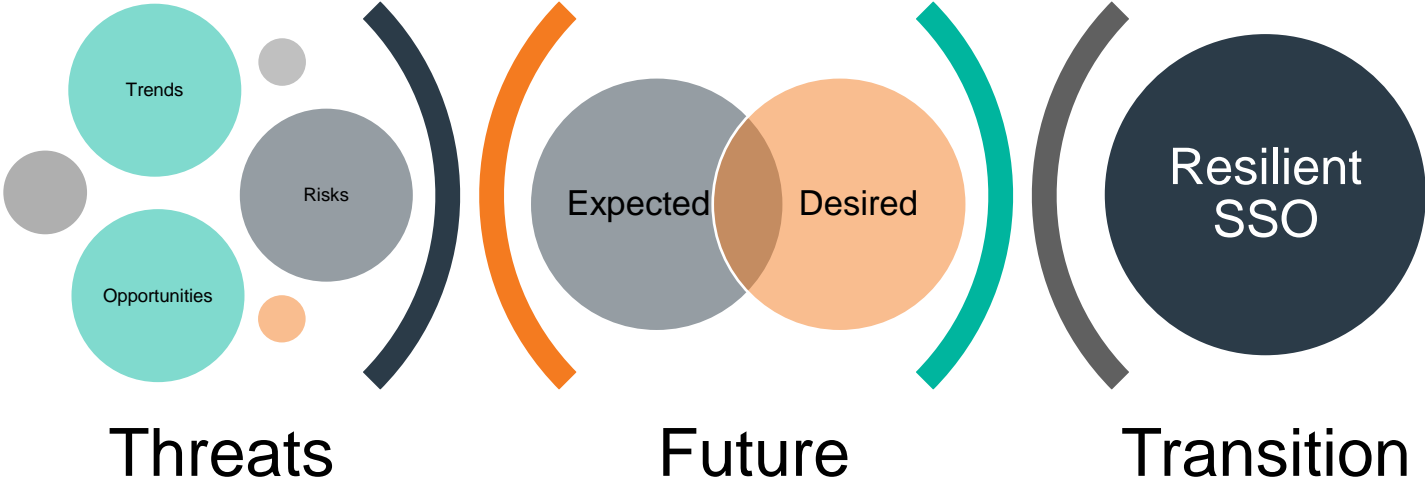
Board members and senior management need to think differently about disruptive trends and emergent risks, and change the way they think when making decisions. A future focus needs to look beyond just strategy, and incorporate concepts such as agility, sustainability, innovation and risk.

*June 2023 Webinar
"Emerging issues and other challenges for directors"*



Becoming a resilient SSO

The process...



Becoming a resilient SSO

A suggested game plan?

1. **Identify and analyse** emergent trends, challenges and opportunities facing your SSO.
2. **Design** your future state
 - what does the future look like?
 - what do you want it to look like?
 - what are the risks, challenges and opportunities that you have to navigate to achieve that?
3. **Perform** a comprehensive assessment of your SSO in its current state
 - Is it equipped for change, adaptable, collaborative, and responsible? (Required attributes for a resilient organisation)
 - Are your strategic plans focussed on the short term or the long term? (You need both to be successful)
 - Are you training people for current work needs or are you also equipping them for future work?
 - Is your SSO's organisational structure ready to respond to emergent trends by promoting cooperation?
 - What changes do you need to make to achieve your desired future state?
4. **Start** the transition - with a clear vision of what you want and what you have to do to achieve it.

Preparing for disruption

Essential attributes of a resilient SSO

Vision

Resilient
Culture

Agile
Leadership

Talent

Operating
Flexibility

Risk
Management

Stakeholder
Focus

Technology &
Innovation

Collaboration

Continuous
Learning



Tone at the top

Tone at the top

What is governance and why is it important?

- Effective **governance** and **leadership** are vital for addressing emergent trends and the increased complexity of business challenges.
- At its simplest, good decision making is ultimately dependent on good governance.

“Good governance means actively creating conditions that are likely to result in effective decisions.”

Matt Fulbrook

- This concept is not restricted to the organisation’s boardroom – to be truly effective, whole-of-organisation governance, which reaches from the board, through management to the whole organisation, is essential.

Governance in practice

The role of governance in a resilient organisation



Strategic Alignment: Ensuring the resilience strategy aligns with its overall mission, vision, and strategic objectives.



Risk Management: Helps identify, assess, and manage risks that can impact resilience. Effective governance ensures that risk management processes are integrated into decision-making at all levels of the organisation.



Decision-Making Processes: Ensures that decision-making is transparent, inclusive, and based on accurate and complete information.

Governance in practice

The role of governance in a resilient organisation



Accountability and Responsibility: Ensures that roles, responsibilities, and decision-making authority are well-defined and communicated.



Stakeholder Engagement: Ensures that stakeholders are involved in decision-making processes, their perspectives are considered, and their feedback is incorporated into resilience planning.



Adaptability and Learning: Encourages the organisation to embrace change, learn from past experiences, and continuously improve resilience strategies and practices.



Compliance and Ethical Conduct: Promotes ethical conduct, transparency, and integrity in decision-making processes, which strengthens resilience and trustworthiness.

Corporate Governance in practice

Role of the board in building and maintaining resilience



Oversight Provides oversight and guidance on risk management and mitigation strategies.

Clarification Ensures there is a clear understanding of the SSO's vision and its risk profile and appetite.

Encourage Encourages management to develop and implement strategic activities that build resilience.

Review Ensures that the SSO has adequate resources to manage change and to respond to crises.

Monitor Monitors the successful transition of the organisation to the desired future state, making strategic adjustments as needed.



Some random bits to finish with...

Other people's thoughts...

"Success is not final,
failure is not fatal: it is
the courage to continue
that counts."
Sir Winston Churchill

Understand the
future, adapt for
the future, and be
the future
Deloitte

"There is nothing
permanent except
change"
Heraclitus

"Every strike brings me
closer to the next
home run."
Babe Ruth

'Understanding the global context
your sport is operating in is an
important start to get your strategy
heading in the right direction. From
fans, to athletes, commercial
partners and investors, having a
great strategy demonstrates that
you are on your game, you
understand the big picture and you
have the insights to take your sport
forward.'
Marc Portus, Praxis Performance Group

"I have not failed. I've
just found 10,000
ways that won't work."
– *Thomas A. Edison*

Where to start?

Try looking at things differently



Is **resilience** all about your organisation's ability to bounce **back** after disruption – or should you be thinking about bouncing **forward**?



Do you start your strategic planning meetings with “what do we **expect** to see in the future?” – rather than “what do we **want** to see?”



When thinking about innovation are you focussed on doing something new? – rather than addressing an existing challenge or problem in a different way?



Challenge the norm – are there any industry beliefs in your sport that you believe are unquestionable? What impact would it have if the opposite was true?



Is your organisation management style reactive or anticipatory?



What do you need to change to respond to new demands and behaviours?

Key takeaways from today's session

- Lessons learned during the Covid pandemic are equally relevant when battling the effects of inflation.
- Inflation is only one of the challenges facing SSOs. A good approach is to build a resilient organisation that can cope with disruption.
- Becoming a resilient organisation doesn't happen by chance.
- Your people are an essential component in planning for and coping with disruption – look after them.
- When developing your strategic plan, you need to look beyond your own backyard and be aware of what is happening locally and globally.
- There is no set formula for a resilient organisation – you need to build a plan that is specific to your organisation, your strategic objectives and your capabilities.
- Governance is about creating the right environment to enable the best decision making.
- Your board has an important role to play in building and maintain your SSO's resilience.

Appendices

Preparing for disruption

Essential attributes of a resilient SSO

Vision

Resilient
Culture

Agile
Leadership

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Operating
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Stakeholder
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Technology &
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Collaboration

Continuous
Learning

Essential attributes of a resilient SSO

Vision and culture



Vision

Clearly define your SSO's vision and long-term goals.

Develop a robust strategy that aligns with your vision and allows for adaptability in changing circumstances.

Conduct regular strategic reviews to ensure you remain aligned with your goals.



Resilient culture

Create a culture that values resilience, adaptability, and continuous learning.

Empower your employees to take calculated risks and learn from failures.

Recognise and reward resilience and innovation.

Essential attributes of a resilient SSO

Leadership and talent management



Agile leadership

Develop agile leaders able to make informed decisions quickly, and respond to change effectively.

Cultivate strong leadership at all levels of your SSO.

Build trust between leaders and team members

Train leaders in strategic thinking and problem-solving.



Talent

Develop a diverse and inclusive workforce with different perspectives and experiences.

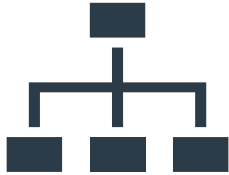
Align employment strategies with your SSO's vision and strategies.

Hire employees with a growth mindset and a willingness to accept change.

Encourage continuous learning and professional growth.

Essential attributes of a resilient SSO

Operations and risk management



Operating flexibility

Ensure your SSO's structure and processes are flexible and adaptable.

Flatten hierarchies to facilitate faster decision-making.

Regularly review workflows to improve efficiency and effectiveness.

Use technology to automate routine tasks and improve productivity.



Risk management

Identify emergent trends, challenges and vulnerabilities that could impact your SSO.

Evaluate the likelihood and consequence of each risk.

Develop a risk management plan that includes preventive measures, mitigation strategies, and contingency plans for high-impact risks.

Regularly review and update these plans to address new risks and challenges.

Essential attributes of a resilient SSO

Stakeholders, technology and innovation



Stakeholder focus

Build strong relationships with your SSO's participants, suppliers, partners, and other stakeholders.

Continuously gather feedback to improve your sport, services, and player/spectator experience.



Technology and innovation

Stay abreast of emerging technologies and trends.

Encourage employees to identify and implement innovative solutions to challenges.

Support a culture of innovation and experimentation.

Essential attributes of a resilient SSO

Collaboration and continuous learning



Collaboration

Build strategic partnerships and collaborations with other organisations.

Leverage collective expertise and resources during challenging times.

Remove silos and increase collaboration **within** your SSO to mitigate risk and encourage innovation.



Continuous learning

Failures and setbacks are learning opportunities.

Conduct root-cause analyses to understand setbacks and develop preventive measures.

Regularly assess and evaluate performance, processes, and strategies.

Be open to feedback and adapt accordingly.

Thank you

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Professional Background

Carl provides business advisory, assurance, and risk management services to Not-for-Profit organisations, NSW local government, including sports administration organisations, charities, and community-based organisations.

His understanding of the unique environment that NFPs operate in allows him to identify opportunities to better manage risks, improve governance and consistently achieve compliance with financial reporting obligations.

Carl's long-standing dedication to the sporting industry has seen him involved with organisations such as Cricket NSW, Basketball NSW, Surf Life Saving NSW, Bicycle NSW, Dragon Boats NSW, the NSW Office of Sport and NSW Sports Federation.

He worked closely with sporting, member based and other NFP organisations for over 40 years providing business advisory and assurance services that have supported their growth and the achievement of the corporate objectives.

Carl's NFP experience, particularly in the sporting and government sectors, has provided him with industry insights beyond those normally acquired by providing auditing services. His involvement in the industry extends to undertaking IT reviews, internal control reviews and compliance audits.

This experience has helped him develop strong credentials in assisting clients to identify opportunities to improve business processes, fine-tune strategic plans and advise on ways to manage and mitigate business risks.

Industry Experience

- Sports administration
- Not-for-Profit (NFP)
- Education
- Charitable institutions
- Local government
- Listed Investment Companies

Areas of Expertise

- External audit and assurance
- Business advisory
- Internal audit and reviews
- Compliance audits
- Internal control reviews
- Diagnostic business reviews
- Governance and risk
- Board and committee member



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