

# An Innovative Game-Plan for Sports Organisations that Want to Win

## Sports organisations aren't standard, and neither should their strategy be

The standard approach for strategy doesn't work for sports organisations. Most boards are going to drive a traditional strategy approach, but traditional strategy practices don't work for many sports organisations because they don't have the luxuries of a normal business. They don't always have the people, disciplines and money to focus on strategic change as well as delivering the game for New Zealanders.

All New Zealand sports organisations are encouraged by Sport New Zealand to operate good governance principles. One of those principles is "the board, in partnership with management, sets a strategic direction for the organisation, and management designs the operational methods or means to achieve this." The most effective governance structure is one where the board and chief executive have complementary roles in strategy development and execution which should be clearly defined from the outset.

## Too often a strategic divide exists between the board and management

Even if you do adopt a partnership approach to strategy, most conversations become redundant because sports organisations do not have the discretionary funding to invest in the long-term development of the game, are typically under resourced and operate on the "smell of an oily rag." As a consequence, we often see strategies left on the shelf gathering dust as management believes the long-term aspirations articulated by the board are unachievable and not grounded in their practical challenges, while on the flipside, the board feels that management are ignoring their viewpoints and going at it alone. MSH finds that this disconnect becomes more visible as the board and management discuss where to target resources.

Developing strategy is always complex, especially for resource-constrained sports organisations. Despite these challenges however, forming and agreeing on a clear strategy is still invaluable. Strategy should convey a unified direction which informs the organisation's priorities and lays the platform for informed discussions about the resourcing trade-offs necessary to achieve them. To get a whole lot of value out of strategic thinking, sports organisations need to consider how to bridge the gap between strategy and operations.



### **An incremental mindset to strategic thinking helps to bridge the gap**

MSH's experience working with New Zealand sports organisations has enabled us to develop an approach based on three creative ideas which help boards and management to avoid deadlock over funding and build long-term value through strategic change.

#### **1. Design change initiatives around how the business actually works**

Traditional strategy approaches result in a small set of change initiatives that should be completed over multiple years and often require separate project teams to work on them for extended periods of time. Applying this approach in sporting organisations results in these projects never getting off the ground. This is because sports organisations often have small teams where each team member has multiple roles and constantly has to respond to emerging issues, there simply isn't the bandwidth for big-bang change initiatives. A better approach is to challenge management to come up with incremental changes each year that move the organisation forward toward the desired future state. One way to ensure that changes are implemented is to incorporate them into BAU activities. This way, they aren't seen as big, scary initiatives over and above people's day-to-day jobs.

#### **2. Focus on a tight set of strategic priorities**

Rather than asking management to deliver on lofty 3-5 year goals, MSH recommends developing a set of strategic priorities which are designed to be achieved in 12 months, so that they are more meaningful and tangible. In order to ensure that strategic priorities are tightly focused, MSH uses a strategy mapping technique to demonstrate the cause and effect links between investment in change and the impact on BAU activities, the offering to the customer and the organisational outcomes that are trying to be achieved. This helps management and the board to get on the same page about how strategic priorities contribute to organisational goals.

#### **3. View all resources as discretionary**

To ensure organisations are set up to succeed, performance targets need to be supported by the required level of resources to achieve the result. When there's no new money available, the board and management need to review how they distinguish between discretionary and non-discretionary resources. To free up resources for strategic priorities, MSH believes that many sports organisations need to further push the boundaries when defining what is discretionary. In our view, everything is discretionary in the context of the strategy. Aligning resources to key results allows management to scale up and down their activities by refining their performance targets. Deciding what activities to stop is equally as important as deciding what new initiatives should be invested in.

### **A short-term version of the strategy game will set you up for victory**

Given that most sports organisations are constrained by resources, taking an incremental mindset to strategy will improve your chances of making strategy happen. The board and management will see eye to eye on the strategic priorities and what to focus on day-to-day. Management will feel that they are not being set up to fail by the board because the results that they are being asked to deliver are realistic as they are aligned to resources.

At the end of the day, the board and management are playing the same strategy game where both feel they can contribute to the success of the organisation. Incrementalism rather than a big bang approach will always win the game in sports organisation

Contact Details:

MSH Consulting

Level 14, 80 The Terrace, Wellington

PO Box 5570

[www.mshconsulting.co.nz](http://www.mshconsulting.co.nz)