

THE GOVERNANCE LITE FRAMEWORK

**SPORT AND RECREATION
ORGANISATIONS**

—
FEBRUARY 2020

01

CLARITY AND COHESION

1.1 THE STRATEGIC PLAN

Your strategic plan tells your story to everyone interested. What change in the world do you intend to create, for whom and by when? And, importantly, how will you know?

A strategy focuses on the future and is designed from the perspective of its intended target, for example, the volunteer, participant, athlete or new player. It is a story that must make sense to people. It includes values that help guide the culture and ways of working in the organisation. This is important in both good times and tough times.

Governance check – setting outcomes

Outcomes are the changes you intend to make within your community (described as ENDS). An outcome clearly states what, for whom, by when and how you will know.

This is an outcome:

By 2023, 65% of children aged 12 in the Waikato region will be able to swim 200m.

Your strategy outlines how you will get there (MEANS).

The board owns the top end of the plan: purpose and key outcomes. It must do this part first. The next step will depend on the size of the organisation. If you have staff, they will do a lot of the detailed work and come back to the board with options to discuss. If there are no staff, then you need to do all the heavy lifting. The board ensures strategies are focused on outcomes. Things must be measured – it is the job of the board to see you are on track and, if not, what should be changed.

Governance check – why are we not there yet?

Strategies respond to known challenges. The world is not perfect and there are reasons why we have not already achieved our goals. What are those things and in what way do our strategies assist in addressing those challenges?

Strategies must also be realistic. It's not a one-size-fits-all activity. It's important to know what you can and cannot control and influence. If there are major assumptions that sit behind your strategic choices, make sure they are clear, understood, and revisited from time to time.

Governance check – strategy is about choice

Remember creation of strategy is about making choices. What is the best option, given our resources, to achieve the goals we have set?

There are several useful frameworks and models that can be used to help strategic thinking and many organisations use external facilitators to help them with the process.

Once the strategy is complete, the team delivering the day-to-day services uses it to develop and implement the action plan, reporting progress regularly to the board, together with any changes in the environment that impact on delivery of the strategy. Strategic thinking is ongoing within the board but there should be pre-planned times to formally review progress.

A strategy-on-a-page can be developed as a marketing and communications tool, clearly and succinctly expressing at a glance what you're aiming to achieve. This helps bind the organisation's people together. It's also a valuable document to share with external stakeholders including participants, partners and funders.

Governance check – whole-of-sport plans

Some codes develop an overall strategy for their sport. All of the entities (regions, associations, clubs) provide input into the strategy and then develop plans that align. This means everyone can focus on the few (agreed) important initiatives that will deliver the greatest results. It also means everyone has a different but linked part to play and the wider organisation is using scarce resources to best effect.

BUT remember you still need your plan for your organisation so that the board can track your progress.

Key questions (in order of priority)

- *What is our purpose? – the change we exist to make*
- *What is our vision? – our compelling story*
- *What do we want to achieve? – stated as outcomes*
- *What is the best activity to concentrate on? – strategic choice*
- *What do we need to stop doing? – prioritisation*
- *How will we know when we get there? – measures*
- *What are our values? – how we behave in the world*

More information

Sport NZ has plenty of resources and learning opportunities for directors. Each resource sheet includes links to others in the Governance Lite set and to further readings and resources.

Related Governance Lite sections

[1.2 The action plan](#)

[1.4 Preparing a budget](#)

[3.5 The annual work plan](#)

Governance Lite Toolbox

[1.1 Statement of strategic intent](#)

[1.1 Hockey NZ - Our 2020 strategy](#)

[1.1 NZ Pony Clubs Association - Strategic plan May 2018](#)

Sport NZ resources

Planning for clubs

<https://sportnz.org.nz/managing-sport/search-for-a-resource/guides/planning-for-clubs>

Planning in sport

www.sportnz.org.nz/planning

1.2

THE ACTION PLAN

The action plan (business or operating plan) outlines the tasks and who is responsible for doing each task, so that your organisation can achieve its strategic outcomes.

Now you have set the direction for your organisation (the strategy) and agreed measurable outcomes, it's time to create the detail and outline it in your business plan. Your strategy may have a three- to five-year view, but the action plan is generally a one- or two-year document. The size of your organisation will influence the sort of plan you need and who develops it.

A business plan starts by restating the top-line outcomes and the key strategies you have agreed on in order to achieve them. The tactics, programmes and events that you intend to deliver are organised under these headings. This allows the board to see how the various operational activities are contributing to the desired outcomes (or not). The plan will assign resources and note who is responsible for each programme or activity. Larger organisations may have separate plans for marketing and other areas of the business. Commercial activities (e.g. a licensed bar) will be separated out in the plan to show their overall contribution to the plan.

The final name of the document and the format used are less important than the process followed to prepare it, as long as it enables your board to understand how you are tracking towards your outcomes.

The plan needs to provide enough detail to guide everyone in your organisation to deliver the activities that will ensure your strategy is successful.

It's very easy for a board to think it should own the business plan as well as the strategy. If you have staff, this is their document and they are accountable for the success of it. They need to be able to make changes to the plan without having to come back to the board all the time. That discretion is always within boundaries set by the board.

It is the board's job to focus on the few activities that will deliver the most benefit, ensuring you are confident the organisation has enough money and people to deliver the work, keeping track of progress and acting quickly if things aren't going as planned.

Governance check

A board's focus is a helicopter view, monitoring progress and making sure the organisation is always heading in the right direction.

If you find yourself as a board focusing on activity rather than outcomes, you have moved into the role of those who work in your business day-to-day.

Your business plan should state

- Outcomes to be achieved
- Key strategies or strategy groups
- What tasks need to be undertaken
- Who is responsible for each of the tasks
- When the tasks will be completed
- How much resource (financial or other) will be needed to complete each task.

Key points (in order of priority)

- Ensure the plan defines and separates governance and operational work.
- The person(s) managing your organisation on your behalf is responsible for developing the plan. They own the plan.
- Ensure the resources (financial or other) align with the priorities expressed in your strategic plan.
- Regularly review progress.

More information

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Related Governance Lite sections

[1.1 The strategic plan](#)

[1.4 Preparing a budget](#)

[4.1 Financial accounts and reporting](#)

Governance Lite Toolbox

[1.2 Action plan template](#)

Sport NZ resources

Planning for clubs

<https://sportnz.org.nz/managing-sport/search-for-a-resource/guides/planning-for-clubs->

Planning in sport

www.sportnz.org.nz/planning

1.3

THE RULES

Your founding document, generally a constitution or trust deed, outlines the contractual agreement between the owners and the organisation.

Sport and recreation organisations in Aotearoa New Zealand are generally formed as either an incorporated society under the Incorporated Societies Act 1908 or a charitable trust under the Charitable Trusts Act 1957. Both can also be registered as a charity if they can demonstrate they have charitable purposes as described in the Charities Act 2005. This is particularly useful to provide a means of receiving donations and protecting significant assets.

An incorporated society is controlled by a governing board or governing committee and is accountable to its members. A charitable trust is controlled by its trustees.

The constitution (sometimes known as rules) or trust deed are both legal documents that describe the contractual agreement between the owners and the organisation.

For incorporated societies the owners are the membership. For trusts the owners are the beneficiaries (the people the trust was set up to benefit). These documents should refer only to matters relating directly to owners' interests. These are limited to:

- how membership is attained or removed
- how members control board composition and other office holders
- alteration of the constitution
- guidance for general meetings
- winding up the organisation.

The rules shouldn't describe everyday operational matters. While they may be of interest to the owners, they are outside the purpose of the core legal document. Such areas are covered as policies, regulations or bylaws.

Key points (in order of priority)

- A clear set of rules, constitution or trust deed ensures that the contractual relationship between the owners and the organisation is clear to everyone.
- These are legal documents governed by specific Acts of law.
- As the governing body you need to understand these documents and comply with them.
- Your legal contract with the owners should be reviewed from time to time.

More information

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Related Governance Lite section

[0.1 What is this thing called governance?](#)

Governance Lite Toolbox

[1.3 Incorporated society constitution example \(NSO\)](#)

[1.3 Charitable trust deed example \(RST\)](#)

[1.3 Athletics NZ - Guide to using the template club constitution](#)

Note: With imminent changes to the Incorporated Societies Act, good advice is needed for any new or redrafted documents.

1.4

PREPARING A BUDGET

Your budget is both a planning and a control mechanism.

As the board you need to assure yourselves and your stakeholders that you are meeting your legal obligations to run your organisation in a financially responsible and sustainable way.

To do this, it's important to receive relevant financial information presented in an easy-to-understand format so you can make well-informed decisions.

A budget helps you do this. It's your financial plan, aligned with your organisation's strategic plan, that translates activity into financial measures including:

- how much income your organisation expects to receive during the next financial year
- how much your organisation expects to spend in the next financial year
- the predicted surplus (profit) or deficit (loss) for the year.

The process of budgeting, usually annually, can be delegated by the board to a budget committee, or management where present. It is presented to the governing group for review, discussion and amendment until the board is comfortable adopting it.

The task of executing the business plan using the resources provided by the budget is then delegated to the people who work day-to-day across your organisation.

At periodic meetings (every four or six weeks usually), the board should review progress against the budget. To ensure this is done accurately, yearly budget allocations are broken down into monthly figures. These are then reviewed against what occurred, and the reasons for any differences or variances can be explained. These differences can then be considered quickly, and changes made to ensure money is being used responsibly. If budgeted revenue does not eventuate then costs need to be reduced.

While it's usual to budget to break even or preferably deliver a surplus, there may be times when you budget for a loss. You also need to separate out capital expenditure (big items) from operating expenditure (day to day). Both require cash being available.

You can only budget for a loss if you know you have money in reserve.

Otherwise you are knowingly operating without an ability to meet your obligations. This is called trading while insolvent and is a clear breach of your duty as directors.

Governance check

Useful questions to ask yourself when you're reviewing your budget:

- *Does this budget enable us to best meet our strategic outcomes? If not, what do we need to change?*
- *Is there a clear link between outcomes and resource being applied?*
- *Is this the most cost-effective use of our resources and how do we know?*
- *Are the income targets realistic? If not, forecast down.*
- *Are we minimising unnecessary costs?*
- *Are we spending time and money on things that are 'off strategy'?*
- *What contingency is built into the budget to cover unexpected costs? Is it sufficient?*
- *Have we saved enough money for a rainy day? Is it sufficient to cover any potential losses?*

Key points (in order of priority)

- Your organisation's annual budget should align with your strategy and action plan.
- The budget is where the action plan is translated into financial measures as a means of ensuring your strategy and organisation are financially viable.
- Having a budget allows for meaningful reporting and provides a way of taking action if there are major variances.

More information

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Related Governance Lite sections

[1.2 The action plan](#)

[4.1 Financial accounts and reporting](#)

Sport NZ resource

Accounting for non-accountants – Chapter 2 Budgeting

<https://sportnz.org.nz/managing-sport/search-for-a-resource/tools-and-resources/accounting-for-non-accountants>



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