

Results on the Scoreboard

What makes a winning team?



At SPARC, John Wells (above right) and Nick Hill give the chair/CEO relationship more than a sporting chance of working out. By Ruth le Pla.

Back in February 2002 when SPARC was formed, both board and management had more than their fair share of hurdles to leap. SPARC (Sport and Recreation New Zealand) was a merger of three organisations – the Hillary Commission, Sports Foundation and the policy arm of the Office of Tourism and Sport. So when current chairman John Wells and CEO Nick Hill took their positions soon after the starting

orders were announced, they knew they had more than a quick sprint ahead of them in their efforts to meld the three parts together and form one cohesive team.

In its simplest form, says Wells, the organisation needed to switch from being output focused to concentrating on outcomes. With that came a change in philosophy: from a grants-based approach to an investment-based outlook.

Wells, who is probably best known as chair and founding director of merchant and investment bank Bancorp, brought extensive governance expertise to the organisation. Among other things he had previously been chairman of the national

coordinating committee reviewing the delivery of high performance sport in New Zealand: an activity that resulted in the formation of the New Zealand Academy of Sport.

South Africa-born Hill had spent the previous decade working in the senior ranks of the energy sector: most recently as a consultant adviser to Santos in Adelaide and general manager, commercial (New Zealand) at Fletcher Challenge Energy.

They had not worked together before but now, several years later, both list “openness” as a crucial ingredient in their working relationship. “The ability to communicate with each other in a very open, transparent and honest way,” is key, says Wells, “so you know exactly where each is coming from.”

With that comes confidence and trust, adds Hill. “But it’s also important that you actually want to be achieving the same things.”

Wells says both parties need to be prepared to express their differences. “And these should be considered. It’s not a ‘one over the other’ or an ‘either’ role. It’s about working

Nick Hill

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in tandem to achieve common objectives and goals. If everyone’s focused on that you’ll find a way to get there.”

There are, he adds, no hidden agendas or deep secrets. “That permeates into the board too so [if] the board knows the chairman and chief executive have a [sound] relationship it gains confidence. I’ve seen organisations that have been driven apart because of a lack of confidence and understanding between the chairman and the chief executive and then the board doesn’t quite know where to go in the whole process.”

Hill sees the role of the board and of Wells in particular as providing a “reference point” for his day-to-day activities.

“In a very dynamic and pressured environment – like the one we operate in – there are certain things that need to be really solid, secure and immutable around the values of the organisation and why you exist. To me, more than anything, a board’s role is to be the guardian of why you exist and the processes around the promises that the organisation makes.

“For me, the relationship [provides] that sort of foundation and allows me to be aggressive about doing my job. If I think about the relationship it’s that sense of ‘have we got the mandate, the space and the support to go and do

stuff?’. What I find most valuable about John in particular and the board in general is that they provide the challenge and support that allow me to go and do the job. My job is to make things happen. John’s job is to make sure it’s part of the wider reason why the organisation exists.”

While Wells agrees with this view, he also points out that boardroom difficulties can arise – “not in our organisation but generally” – as organisations filter new people into the process of the board.

“You’ve got to retain the threads that will keep you going in [your set] direction. You don’t want to lose them and the board dynamic can change with the infusion of different personalities and people with slightly different views. So the challenge to the organisation – and to the relationship between the chair and the CEO – is to go back to those fundamentals all the time and say ‘this is where I want to be’ and whilst it’s great to have new people around, they’ve also got to sign in to that vision process.”

There is, he says, “something to be said for having a sense of history in an organisation”.

Hill adds the sporting world can be “very fragmented, diverse and political in the best and worst senses of the word. It’s very personality driven and the more that an organisation can demonstrate solidity, purpose and direction [the better]... That can’t happen without a board that provides that bedrock.”

At SPARC, he says, that is starting to happen now. “We’re getting traction because we’re seen to have been consistent in the things we’ve said we were going to do. We’ve started to deliver and people suddenly realise this is where the game is.”

It’s a far cry from a few years ago, says Wells. “We were dumped with a whole lot of things on our plate. The sector that we’re dealing in had high expectations of delivery within an unreasonably short space of time. They received a ministerial report. Everybody read it very carefully and took out of it what they wanted – which was normally related to themselves. They then said ‘when is that going to be implemented?’ We were faced with... a vast array of things which as a new organisation we were trying to get our head around. We had to cherry-pick the important ones and develop policies and strategies for all of them at the same time. And, of course, we started with a blank sheet of paper.”

Among the key achievements to date Hill lists “demonstrable progress” in high-performance sport such as rowing as the activities of the New Zealand Academy of Sport kick in. SPARC has also made a philosophical departure from past thinking. No longer is it about the government delivering programmes, says Hill, but rather about how the government can strengthen key institutions. Sports such as

swimming, cycling, rowing, basketball and netball, he says, are all showing the benefits. “Look at the results they’re achieving then step back and drill down a few levels and you see stronger governance, stronger management and stronger programmes that have been developed.”

Hill is also very proud of SPARC’s work in promoting physical activity at the community, grassroots level including schemes such as the Push Play programme. And he also mentions policies designed to help develop and introduce physical literacy programmes for pre-schools and primary schools.

John Wells

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A comment from Hill suggests the journey has changed as the organisation has found its feet.

“Our authority derives from parliament, through the Minister of Sport and Recreation, the board and then to me and the organisation,” he says. “When you’re a new organisation, the idea of getting all that separation is quite hard because you’re all coming off a clean sheet of paper. So when we started out there was a high degree of interaction between myself and the board and a lot of detailed issues were going to the board as we were all getting clear in our heads what business we were in and how we would make things happen.”

That has eased, of course, as both board and management have hit their stride. But could one person have been both chair and CEO? It would have been very hard, says Wells, who has in the past and in another organisation worn both hats at once.

“It’s very difficult to separate your governance from your executive role. You tend to be operationally driven so your governance issues go by the board a lot – excuse the pun. I mean they move aside... they’re not properly addressed. It’s now accepted that it’s not best practice for organisations to have one person as chair and chief executive because different accountabilities and different dynamics come into play. You don’t see too many examples of this these days in New Zealand.”

It is, he says, part of the evolution of businesses, driven off a private company mentality where such entities – dependent on one person or a family – went public.

That has, says Hill, been a big challenge for New Zealand companies. How do you get out of that and create a proper governance structure?

Wells has drawn up his own list of priorities for strong board dynamics. Heading it up, he says, is the need for broad financial literacy. It’s a must, he says, that directors understand what drives the financials. Strong commercial

acumen is another necessary requirement plus a “fairly good” understanding of legal issues and compliance – “without necessarily being a lawyer”.

And while it may help for directors to have specialist knowledge of the sector that they’re in, this ranks lower down in Wells’ view. “When directors have a lot of industry expertise you run the risk that they start to second guess management. If you have people who are there because that’s their qualification for being around the table they will exercise that and that takes them into the detail of what management’s dealing with. If you talk with a professional everyone is going to have their own view on what the right approach is. I think it’s better to have a board that will ask intelligent outsider questions.”

Hill notes that, for him, the value of a board lies in its challenging, standard-setting role where they say, “this is the standard we expect” and “why are you doing this?” and other intelligent questions that drive the performance of the organisation.

Throughout their careers both men have had their thinking shaped by a number of mentors, bosses and colleagues.

Wells laughs when he recalls his early days as company secretary and then chief executive at NZI Financial Corporation. “Around the board table were some very well known New Zealand identities: people like Sir Lewis Ross and Sir Austin Wilson and all these people that had that old school training of what a director was all about.

“When I was company secretary I had no speaking rights at the meeting – which used to frustrate me no end. I used to sit around and they never asked me a question for a couple of years. It was always very formal. But there was always very good support even in those days for the chief executive – formal as it was... You might be questioned and challenged if they didn’t agree with you and that was a sign also of building the confidence around the chief executive to give him the confidence to deliver and to bring ideas forward.”

Looking back, it was, he says, a great learning experience.

As an assistant company secretary with no speaking rights in the ECNZ boardroom, Hill also used the opportunity to absorb from others. Sitting round the ECNZ board table with the likes of Rod Deane, John Fernyhough and Roger Kerr, a younger Hill was fascinated to see the dynamics evolve. “Over time you get to know the individuals, their styles and motivations so you really do understand what’s playing out. It’s the perfect education. I’d recommend to anyone, when they’re young, to have a role where they sit around a group like that.”

Somehow it’s hard to see today’s Generation Y accepting the idea of non-speaking rights. Maybe someone should suggest it to them in years to come. 