



BEST PRACTICE

Example

Good Governance in The Netherlands

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INTRODUCTION

The Dutch Olympic Committee (NOC*NSF) implemented measures to promote good governance in sport in 2005 by introducing a code of good governance which was targeted to its member federations. This code consists of 13 recommendations, and over time it has been evaluated and further developed.

Minimum requirements for good governance were established at a later stage. The NOC*NSF provides a holistic approach to good governance and actively supports its members to implement it.

How this process of promoting good governance in sport is implemented can be seen by going through the presentation below.

The History of Good Governance

- A code for Commercial Organisations in 2004 (Tabaksblatt)
- Inspired civil sectors: Healthcare, Culture and Sports
- A code for Sports organisations in 2005 (Loorbach)
- 'Soft Law' e.g. 'Comply or Explain'



The world of sport can learn a great deal from the private sector, which uses self-regulation to good effect – often with the help of a code of conduct. For example in December 2003, the corporate sector itself published a code of conduct for listed companies in the Netherlands. This code of conduct – containing recommendations on the position of shareholders, on financial compensation received by board members, on the number of non-executive directorships one individual can hold and so on – was conceived and adopted to help to restore investors and citizens' confidence in the corporate world. In addition the code introduced an implement-or-explain principle, which required companies to comply with the code or to explain why they had failed to do so. This particular code of conduct was actually enshrined in law shortly after.

The code adopted by listed companies was the first in a long line of codes of conducts embraced by different parts of the economy. One industry after the other started to codify the qualities and professional skills expected from managers and executives. Parts of the public sector followed suit, including cultural organizations (Cultural Governance) and the healthcare industry (Healthcare Governance).

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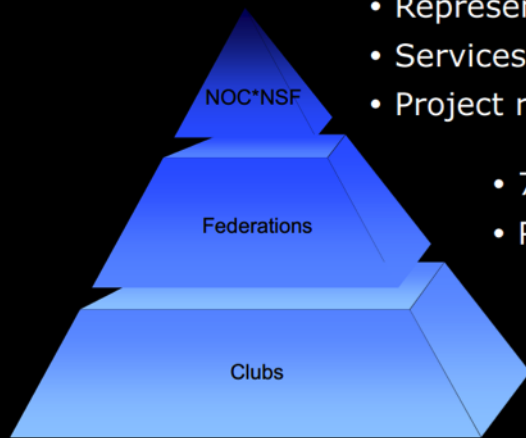
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Structure NOC*NSF



- Both Olympic Committee and Sports for All
 - Representation of interests
 - Services for National Sports Authorities
 - Project realisation and Olympic Campaigns
-
- 75 National Sports Authorities
 - Representing over 200 sports in total
-
- Over 25.000 clubs, decreasing
 - Over 1 Million volunteers
 - 4,8 Million members, increasing

The 72 sport federations – affiliated with the NOC*NSF – unanimously adopted this Code in 2005. In doing so, they undertook to comply with all of or a part of this Code (or to explain why they had failed to do so) in their future annual reports (i.e. the implement-or-explain principle). These sport federations also agreed to take stock of their current administrative/managerial practices and to fix their points of departure in a “baseline measurement”, so that they would be able to track the progress they would make.

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Who makes policy?



NOC*NSF saw the Code first and foremost as a tool for providing a basis and encouraging a healthy debate within sport federations. As such they were not required to take part in this baseline measurement. NOC*NSF felt that good governance was mostly about infusing an organization with the right mentality. It wanted to raise awareness of the issues at stake, and this would not be promoted by strict rules or rigid procedures. This was to be primarily an internal process within the sport organisations concerned involving the Executive Committee, Management and the members.

However, an increasing amount of funding was appointed to the sports federations through the governance procedures of NOC*NSF. Therefore there was a close eye on how reliable the participants in the system are. Furthermore, because not all federations were equally active in addressing the code, an internal discussion was raised about the effectiveness of the way the Code was introduced.

Process

- Research of necessity and needs in 2004 (commission of delegates and experts)
- Assessment of 26 federations in 2004 (in cooperation with E&Y)
- Annual Meeting 2005: Installation of GG code
- Evaluation of use and effects 2006: not good enough!
- Annual Meeting 2008: decision to install Minimum Requirements to force compliance
- Support in models, installation of regulations
- As of 2011 Minimum Requirements are obligatory for funding

Initially, a baseline measurement was conducted in 2006 using a questionnaire based on the recommendations of the Good Sport Governance Code. Only 26 of the 72 sport federations completed the questionnaire, giving an assessment of their own record in terms of Good Sport Governance. NOC*NSF was also trying to win over the remaining 46 federations. The idea was to also conduct, a year later, a follow-up or a “year 1 measurement” to establish to which extent the recommendations had been implemented and to chart the improvements.

As pressure both internally and externally was high on governance issues, it was proposed to make the code obligatory for all affiliate members in order to receive funding from Lottery and/or other NOC*NSF means.

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Governance code and Requirements

1 2 3 4 5 6 7 8 9 10
11 12 13 14 15 16

17 Minimale Kwaliteits Eisen

12 De 13
aanbevelingen voor
Goed Sportbestuur
PAS TOE OF LEG UIT!

- Overlapping Rules
- Partly from the code
- Partly added regulations (concerning financial stability and member compliance)

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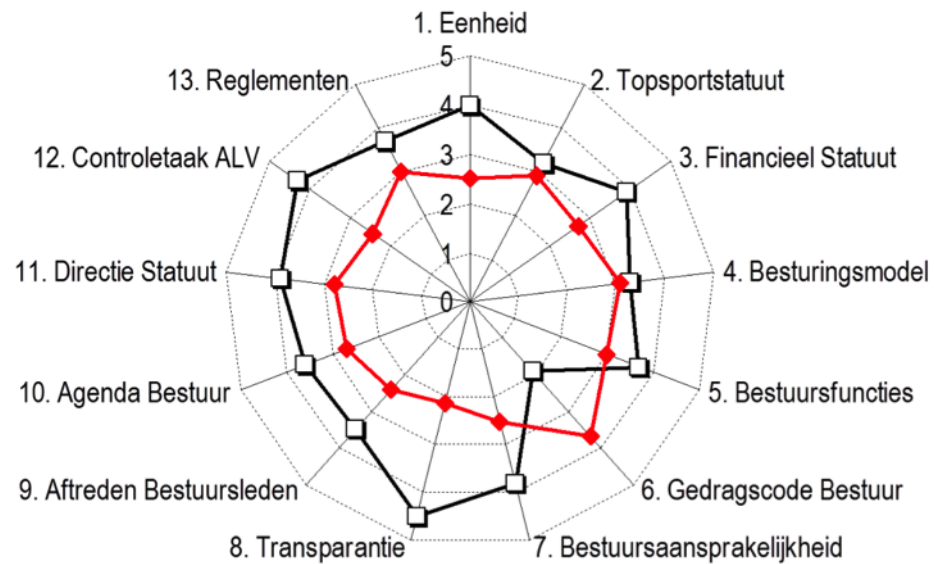
As of 2011 all sports federations need to comply to a set of Minimum Requirements, which are partly derived from the Code of Good Governance, and partly newly set up rules about financial stability and juridical unity.

At the instructions of NOC*NSF, the Good Sport Governance Code covers 13 recommendations. These recommendations can be found in the S4GG database.

NOC*NSF worked on the assumption that only those sport federations capable of updating and tuning their activities on offer and of tapping into new target groups would be able to move organized sport forward and increase their popularity. In 2008, it therefore divided the Dutch sport associations into three categories, granting them one-star, two-star or three-star status. The better a federation performed (membership, number of staff, financial health, level of services provided, facilities for elite athletes, etc.), the more stars it would receive.

To obtain the first star in the above system, it was necessary to comply to all 17 of the Minimum Requirements, thus providing a basic level of operation for sports federations to participate in the system.

Self-Assessment tool



As part of the introduction of the Code, the Self-Assessment tool was introduced. It gives a very simple overview of the actual status and quality of the various parts of the code installed in the federation. The red line in this case is the individual Federation, the black line is for the whole of the sector (all federations in the database)

This tool is the main instrument for board members and administration to reflect on the parts of the code to invest in.

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What do Federations need to do?

- Fill in the self assessment on Minimum Requirements every year (when checked 'No' once, no access to funding)
- Evaluatie GG initiatives in Annual Report every year
- Do an assessment on the GG code every 2 year

The Minimum Requirements are tested every year by means of self-assessment. It is part of the yearly procedure to apply for funding through NOC*NSF. If one of the questions is checked 'No', there is no access to any funds.

In order to ensure that the Code is applied throughout all of the sport, the federations are forced to report on their efforts on the subject of Good Governance.

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What did we do to help?

- Communication (booklet and flyer)
- Inspiration (articles and movie)
- Models and examples
- Knowledge Base online
- Self-Assessment tool (online)
- Workshops
- Funding for individual help (changing statutes)

Raising awareness and promoting self-regulation remain the cornerstones of the NOC*NSF's Good Sport Governance policy, but these have now been backed up with a number of firm requirements. And as of 2011, non-compliant federations will have the threat of financial sanctions hanging over them. The strength of this system of self-assessment and self-regulation lies in the fact that the sport associations themselves have advocated its use and that finance is allocated fairly: a federation that runs and performs well deserves to receive the most financial support. No sport organization could possibly object to a little competition...

To make life easier NOC*NSF provides a range of support tools to help implement the right rules and when installed properly, they help make them work correctly. Still there is a lot of work to do, mainly on the last bit. To make Good Governance work properly, you need much more than just a good set of rules...

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Other Effects

- Foundation of Institute for Sports Law
- Regular evaluation of the total set of regulations installed, new regulations are added: discrimination, sexual intimidation
- A strong drive to imply Good Governance on Clubs (not yet installed)

Also there were some side effects to the process of installing the Good Governance Code. There is a growing amount of collaboration in the sector on the subject of sports law, we are now reviewing our own system automatically and there is a good basis to further implement the Code at club level if desired.

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Lessons Learned

- It's a long road that never ends...
- 'Comply or Explain' is not enough
- Sense of Urgency is key driver, but usually not an internal one (in our case the funding issue helped)
- Capacity to support is essential to implement the correct statutes
- Structural 'faults' are the most difficult to address
- Rules are very different from behaviour
- Awareness to change the way sports organisations are lead is probably the most valuable result to achieve

From 2011 onwards, the newly adopted quality standards and the 13 Good Sport Governance Code recommendations will be combined into 17 binding minimum requirements every sport federation must comply with. A failure to do so may well lead to ending or reducing subsidies and financial contributions from NOC*NSF. However, a recent evaluation has shown that, at present, not even a single sport federation meets these 17 requirements completely. NOC*NSF is therefore providing the sport federations with broad support to raise them to a higher level. One example is the creation of a website for Good Governance in Sport, which will identify and promote best practices. Smaller federations will furthermore receive expert advice in investigating opportunities for working with others. There is also assistance provided by the NOC*NSF-affiliated foundation called Sport & Business for recruiting new sport managers and board members.

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Essentially...

Because the choice to work according to whatever basic principal or code is an individual one, we need to address individual obstacles to do so

Still there is a lot of work to do, mainly on the behavioural side. To make Good Governance work properly, you need much more than just a good set of rules. People need to follow them. So new initiatives are speaking of 'Living the Code' instead of installing them.

The main goal of what NOC*NSF does nowadays is to make sure that decision makers understand what the Code is about and really believe in the usefulness of it.

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Actual developments

- Micro evaluation of one of the themes every year (in 2013 Planning&Control cycle)
- Workshops on Governance subjects (case related)
- Introduction 'course' for new administrators
- Executive search for administrators (also through commercial agencies)
- Development of standard profiles and competence library
- Database of existing and new administrators for knowledge sharing and recruiting
- All initiatives aim to enhance 'living the code', not to install new rules...

So in fact, all initiatives are about getting the right people in place on the key positions with not only the right knowledge, but also the right attitude to do the job they desire.

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It's a team performance...



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